

**SCHOOL DISTRICT
OF
CLINTON TOWNSHIP**

**Clinton Township School District
Board of Education
Clinton Township, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual
Financial Report**

of the

**Clinton Township School District
Board of Education**

Clinton Township, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Clinton Township School District
Board of Education**

Finance Department

CLINTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2018

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal 1
Organizational Chart 4
Roster of Officials 5
Consultants and Advisors 6

FINANCIAL SECTION 7

Independent Auditors' Report 8

Required Supplementary Information 11

 Management's Discussion and Analysis (Unaudited) 12

Basic Financial Statements (Sections A. and B.) 20

A. District-Wide Financial Statements 21

 A-1 Statement of Net Position 22

 A-2 Statement of Activities 24

B. Fund Financial Statements 26

 B-1 Balance Sheet – Governmental Funds 27

 B-2 Statement of Revenue, Expenditures and Changes in Fund Balance –
 Governmental Funds 29

 B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities 31

 B-4 Statement of Net Position – Proprietary Funds 33

 B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds 34

 B-6 Statement of Cash Flows – Proprietary Funds 35

 B-7 Statement of Fiduciary Net Position – Fiduciary Funds 36

 B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds 37

 Notes to the Basic Financial Statements 38

Required Supplementary Information (Unaudited) 79

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other
than Pensions (Unaudited) 80

 L-1 Schedule of District's Proportionate Share of the Net Pension Liability –
 Public Employees Retirement System 80

 L-2 Schedule of District Contributions – Public Employees Retirement System 81

 L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District–
 Teachers' Pension and Annuity Fund 82

 L-4 Schedule of State Contributions - Teacher's Pension and Annuity Fund 83

 L-5 Schedule of Changes in the State's Total OPEB Liability and Related Ratios 84

 Notes to Required Supplementary Information 85

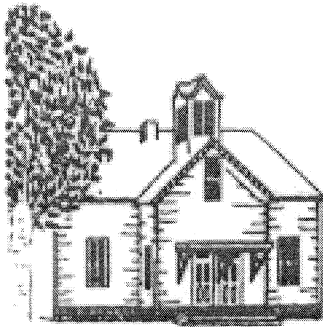
CLINTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2018

C.	Budgetary Comparison Schedules.....	86
C-1	Budgetary Comparison Schedule – General Fund (Unaudited).....	87
C-2	Combining Budgetary Schedule – Special Revenue Fund (Unaudited).....	98
C-3	Budgetary Comparison Schedule- Note to Required Supplementary Information (Unaudited).....	99
Other Supplementary Schedules (Sections D. to I.)		
D.	School Level Schedules (Not Applicable)	101
E.	Special Revenue Fund	102
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	103
E-2	Preschool Education Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis (Not Applicable)	106
F.	Capital Projects Fund (Not Applicable).....	107
G.	Proprietary Funds	108
	Enterprise Funds:	
G-1	Statement of Net Position	109
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position.....	110
G-3	Statement of Cash Flows	111
H.	Fiduciary Funds	112
H-1	Combining Statement of Fiduciary Net Position	113
H-2	Statement of Changes in Fiduciary Net Position	114
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	115
H-4	Student Activity Agency Fund Statement of Activity	116
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements	117
I.	Long-Term Debt	118
I-1	Schedule of Serial Bonds	119
I-2	Schedule of Obligations Under Capital Leases (Not Applicable)	121
I-3	Debt Service Fund Budgetary Comparison Schedule.....	122
J.	Statistical Section (Unaudited)	123
J-1	Net Position by Component.....	124
J-2	Changes in Net Position.....	125
J-3	Fund Balances- Governmental Funds.....	127
J-4	Changes in Fund Balances- Governmental Funds	128
J-5	General Fund Other Local Revenue by Source	130
J-6	Assessed Value and Actual Value of Taxable Property	131
J-7	Direct and Overlapping Property Tax Rates	132
J-8	Principal Property Tax Payers	133
J-9	Property Tax Levies and Collections	134
J-10	Ratios of Outstanding Debt by Type	135
J-11	Ratios of Net General Bonded Debt Outstanding.....	136
J-12	Ratios of Overlapping Governmental Activities Debt.....	137
J-13	Legal Debt Margin Information.....	138
J-14	Demographic and Economic Statistics	139

CLINTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

J. Statistical Section (Unaudited) (Cont'd)	
J-15 Principal Employers	140
J-16 Full-Time Equivalent District Employees by Function/Program	141
J-17 Operating Statistics	142
J-18 School Building Information	143
J-19 Schedule of Required Maintenance for School Facilities	144
J-20 Insurance Schedule	145
K. SINGLE AUDIT SECTION	146
K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	147
K-2 Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Controls over Compliance	149
K-3 Schedule of Expenditures of Federal Awards	151
K-4 Schedule of Expenditures of State Awards	152
K-5 Notes to the Schedules of Expenditures of Federal and State Awards	154
K-6 Schedule of Findings and Questioned Costs	156
K-7 Summary Schedule of Prior Audit Findings	158

INTRODUCTORY SECTION



Clinton Township School District

P.O. Box 6, Annandale, NJ 08801
(908) 268-5414

January 23, 2019

The Honorable President and Members of
the Board of Education
Clinton Township School District
County of Hunterdon, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Clinton Township School District (the "District") for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Township of Clinton School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Clinton Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. (The District completed the 2017-2018 fiscal year with an average daily enrollment of 1,178 students.

2) ECONOMIC CONDITIONS AND OUTLOOK: Nationwide the economy is strong, but Clinton Township has been on the short side of a migration of jobs towards urban areas, such as New York City. Office building vacancies continue to proliferate in the Hunterdon County area due to this migration. Parents are marrying later in life and

having fewer children, and this is a development throughout the State of New Jersey. The District has experienced a 25% reduction in enrollment over the last 12 years. The most recent District Demographic Study conducted in August 2014 forecasted the decline and shows the decline continuing through the 2018-2019 school year.

3) MAJOR INITIATIVES: The 2017/2018 school year focused on student achievement and the district progress towards the educational needs of the 21st century learner through professional development for staff and alignment of curriculum across all grade levels. Cross-curricular lessons and integration of technology were implemented to accomplish this goal. Teacher and principal evaluations focused on the use of the online Teachscape system. Technology initiatives included the use of GoogleDocs and purchase of Chromebooks for students to support online assessment.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2018.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit

Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

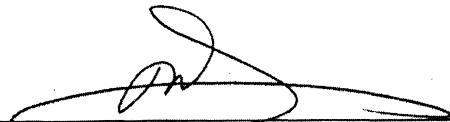
9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Clinton Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Michele Cone
Superintendent of Schools



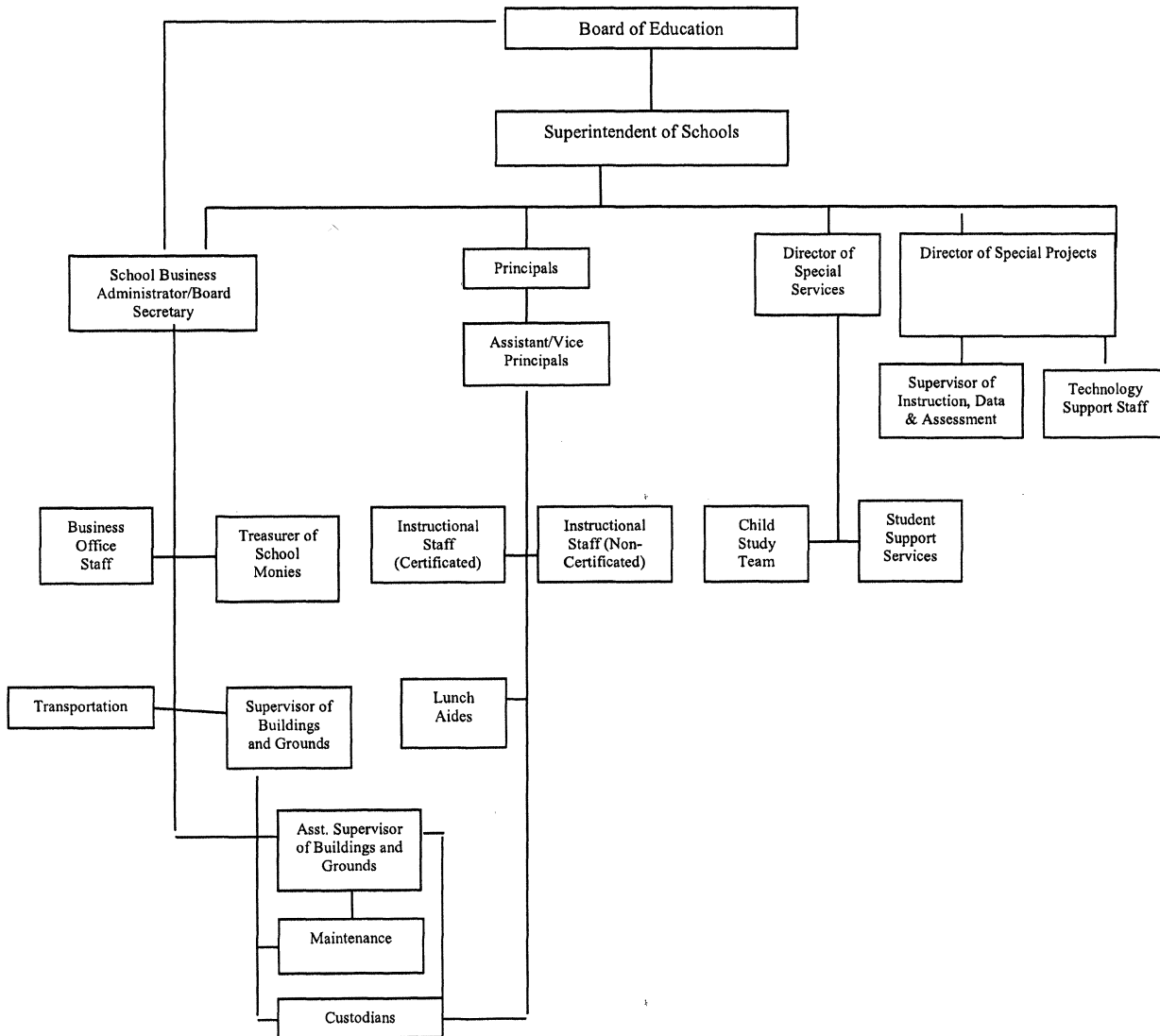
Michael Fatkowski
Business Administrator/Board Secretary

POLICY

CLINTON TOWNSHIP BOARD OF EDUCATION

ADMINISTRATION
1110/page 1 of 1
Organizational Chart

1110 ORGANIZATIONAL CHART



**CLINTON TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2018**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Maria Grant	President	2020
Rachel McLaughlin	Vice President	2018
Lana Brennan		2020
Mary Beth Brooks		2020
Alicia Demmerle		1/1/18 - 5/31/18
Alissa Olawski		2018
Yehara Raddalgoda		2018
Dr. Jeffery Foy		2019
Kevin Maloy		2019

<u>Other Officials</u>	<u>Title</u>
Dr. Pamela Fiander	Superintendent of Schools (to 6/30/18)
Edward F. McManus	Business Administrator/Board Secretary (to 6/30/18)

CLINTON TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Porzio, Bromberg, & Newman, P.C.
100 Southgate Parkway
P.O. Box 1997
Morristown, NJ 07962-1997

Architect

Parette Somjen Architects
439 Route 46
Rockaway, NJ 07866

Official Depository

Investors Bank
101 JFK Parkway
Short Hills, NJ 07078

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Clinton Township School District
County of Hunterdon, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Clinton Township School District (the "District") in the County of Hunterdon, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Clinton Township School District in the County of Hunterdon, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

The financial statements of the District as of June 30, 2017 were audited by other auditors whose report dated November 15, 2017 expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical section are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members
of the Board of Education
Clinton Township School District
Page 3

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

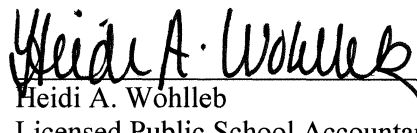
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
January 23, 2019

NISIVOCCIA LLP


Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

This section of Clinton Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

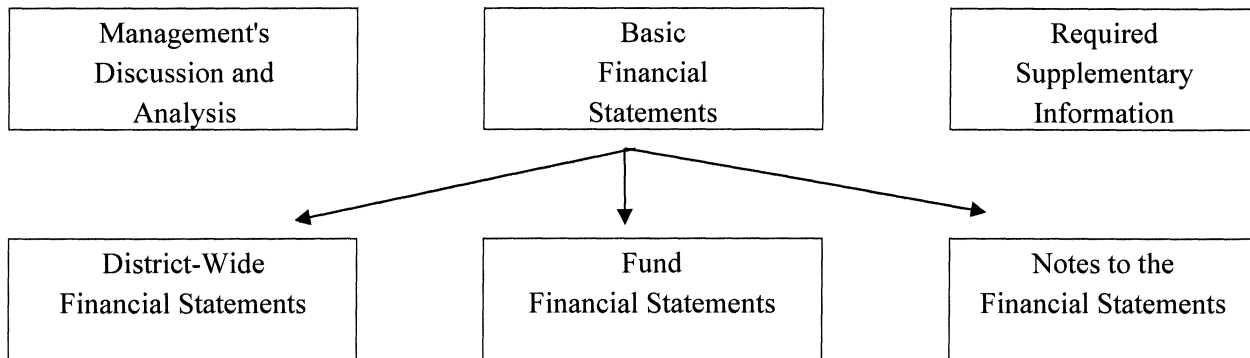
Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food service.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Clinton Township School District's Financial Report**



**CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2 *Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Figure A-3

Net Position. The District's combined net position increased by 2.21%. Net position from governmental activities increased \$448,493 and net position from business-type activities decreased by \$13,349. Net investment in capital assets decreased by \$106,264, restricted net position increased by \$756,763, and unrestricted net position decreased \$215,355. The decrease in net investment in capital assets is due to capital assets additions less depreciation expense. The increase in restricted net position is due primarily to the year end deposits into the capital and maintenance reserves offset by current year net withdrawals. The decrease in unrestricted net position is due primarily to the change in net pension liability and pension related deferred inflows and outflows offset by unexpended budget appropriations and an excess in revenues.

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2017/2018
	2017/2018	2016/2017*	2017/2018	2016/2017	2017/2018	2016/2017*	
Current and Other Assets	\$ 4,579,593	\$ 3,333,905	\$ 15,361	\$ 26,731	\$ 4,594,954	\$ 3,360,636	
Capital Assets, Net	51,059,711	52,350,994	9,014	10,503	51,068,725	52,361,497	
Total Assets	55,639,304	55,684,899	24,375	37,234	55,663,679	55,722,133	-0.10%
Deferred Outflows of Resources	2,499,399	2,836,740			2,499,399	2,836,740	-11.89%
Other Liabilities	1,723,554	1,126,611	13,640	13,150	1,737,194	1,139,761	
Long-Term Liabilities	34,127,594	36,850,214			34,127,594	36,850,214	
Total Liabilities	35,851,148	37,976,825	13,640	13,150	35,864,788	37,989,975	-5.59%
Deferred Inflows of Resources	2,129,050	834,802			2,129,050	834,802	155.04%
Net Position:							
Net Investment in Capital Assets	25,757,830	25,862,605	9,014	10,503	25,766,844	25,873,108	
Restricted	2,797,494	2,040,731			2,797,494	2,040,731	
Unrestricted/(Deficit)	(8,396,819)	(8,193,324)	1,721	13,581	(8,395,098)	(8,179,743)	
Total Net Position	\$ 20,158,505	\$ 19,710,012	\$ 10,735	\$ 24,084	\$ 20,169,240	\$ 19,734,096	2.21%

*-Restated

**CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Changes in Net Position. The Changes in Net Position shows the cost of the program services and the revenues of the District on a comparative schedule (Figure A-4).

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018
Revenue:							
Program Revenue:							
Charges for Services	\$ 731,797	\$ 800,283	\$ 367,536	\$ 389,772	\$ 1,099,333	\$ 1,190,055	
Grants and Contributions:							
Operating	11,475,969	634,499	96,276	93,234	11,572,245	727,733	
General Revenue:							
Property Taxes	24,853,127	24,904,983			24,853,127	24,904,983	
Federal/State Aid and Local Grants not Restricted	1,373,502	12,831,589			1,373,502	12,831,589	
Other	149,518	147,406	580	306	150,098	147,712	
Total Revenue	38,583,913	39,318,760	464,392	483,312	39,048,305	39,802,072	-1.89%
Expenses:							
Instruction	20,312,496	23,419,159			20,312,496	23,419,159	
Pupil and Instruction Services	7,610,632	7,888,802			7,610,632	7,888,802	
Administrative Services	3,241,173	3,398,529			3,241,173	3,398,529	
Maintenance and Operations	2,905,434	3,625,818			2,905,434	3,625,818	
Transportation	1,683,092	1,683,011			1,683,092	1,683,011	
Other	2,582,593	1,314,231	477,741	506,878	3,060,334	1,821,109	
Total Expenses	38,335,420	41,329,550	477,741	506,878	38,813,161	41,836,428	-7.23%
Other Item	200,000				200,000		100.00%
Transfers		7,800				7,800	-100.00%
Increase/(Decrease) in Net Position	\$ 448,493	\$ (2,002,990)	\$ (13,349)	\$ (23,566)	\$ 435,144	\$ (2,026,556)	121.47%

**CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. However, maintaining existing programs and the provision of a multitude of special programs/services for disabled pupils places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Because State aid has either remained relatively flat or been reduced over the past few years, the burden of funding education in the District has fallen on local property taxes. Therefore, it is crucial that the District examine its expenses carefully, since any proposed increase to the School District budget will be funded entirely through property taxes.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-5
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2017/2018	2016/2017	2017/2018	2016/2017
Instruction	\$ 20,312,496	\$ 23,419,159	\$ 11,755,209	\$22,553,977
Pupil and Instruction Services	7,610,632	7,888,802	4,869,519	7,417,306
Administrative and Business	3,241,173	3,398,529	2,519,653	3,398,529
Maintenance and Operations	2,905,434	3,625,818	2,905,434	3,569,074
Transportation	1,683,092	1,683,011	1,495,246	1,641,651
Other	2,582,593	1,314,231	2,582,593	1,314,231
	\$ 38,335,420	\$ 41,329,550	\$ 26,127,654	\$ 39,894,768

Business-Type Activities

Net position from the District's business-type activities decreased by \$13,349. The decrease in operating expenses and increase in federal and state subsidy reimbursements did not exceed the decrease in daily sales. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial situation improved significantly in the General Fund in spite of difficult economic times which have had a direct impact upon the District's revenue sources. However, ratables of the municipality remain more or less stable, thus generating concern for the local tax levy in the future. As a result, to maintain a stable financial position, the District must continue to practice sound fiscal management.

**CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items were in school-based needs for programs and textbooks, and increased maintenance, legal and other professional services.

Capital Assets

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	
Sites (Land)	\$ 4,996,634	\$ 4,996,634			\$ 4,996,634	\$ 4,996,634	
Construction in Progress	1,060,499	1,060,499			1,060,499	1,060,499	
Site Improvements	606,380	647,939			606,380	647,939	
Buildings and Building Improvements	43,789,301	44,994,274			43,789,301	44,994,274	
Machinery and Equipment	606,897	651,648	\$ 9,014	\$ 10,503	615,911	662,151	
Total Capital Assets (Net of Depreciation)	\$51,059,711	\$52,350,994	\$ 9,014	\$ 10,503	\$51,068,725	\$52,361,497	-2.47%

The District's overall capital assets decreased due to current year depreciation expense exceeding current year additions.

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change 2017/2018
	2017/2018	2016/2017	
General Obligation Bonds (Financed with Property Taxes)	\$ 25,410,000	\$ 26,430,000	
Unamortized Bond Premiums	663,521	763,040	
Net Pension Liability	7,396,349	8,935,190	
Capital Leases Payable		58,389	
Compensated Absences Payable	657,724	663,595	
	\$ 34,127,594	\$ 36,850,214	-7.39%

**CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Factors Bearing on the District's Future Revenue/Expense Changes

While significant decreases in aid from the State in prior years have been partially offset by increases in more recent years, the District does not anticipate a quick improvement in the State's financial condition and, consequently, does not anticipate the State will be contributing its legally mandated share of the District's operating expenditures at any point in the near future.

Increasing State regulations and State-mandated submissions and reporting requirements will have a negative impact on the ability of the existing administration to comply with all State directives while maintaining the day to day operations of the schools.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 128 Cokesbury Rd. Lebanon, NJ 08833.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,328,635	\$ 2,314	\$ 1,330,949
Receivables from Federal Government	91,702	4,582	96,284
Receivables from State Government	345,193	336	345,529
Receivables from Other Governments	365	283	648
Interfund Receivable	16,206		16,206
Inventory		7,846	7,846
Restricted Cash and Cash Equivalents	2,797,492		2,797,492
Capital Assets, Net:			
Sites (Land) and Construction in Progress	6,057,133		6,057,133
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	<u>45,002,578</u>	<u>9,014</u>	<u>45,011,592</u>
Total Assets	<u>55,639,304</u>	<u>24,375</u>	<u>55,663,679</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	108,119		108,119
Deferred Outflows Related to Pensions	<u>2,391,280</u>		<u>2,391,280</u>
Total Deferred Outflows of Resources	<u>2,499,399</u>		<u>2,499,399</u>
LIABILITIES			
Accrued Interest Payable	472,132		472,132
Payable to State Government	30,712		30,712
Accounts Payable	684,387		684,387
Prepaid School Taxes	515,053		515,053
Unearned Revenue	21,270	13,640	34,910
Noncurrent Liabilities:			
Due Within One Year	1,169,519		1,169,519
Due Beyond One Year	<u>32,958,075</u>		<u>32,958,075</u>
Total Liabilities	<u>35,851,148</u>	<u>13,640</u>	<u>35,864,788</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	\$ 2,129,050		\$ 2,129,050
Total Deferred Inflows of Resources	<u>2,129,050</u>		<u>2,129,050</u>
NET POSITION			
Net Investment in Capital Assets	25,757,830	\$ 9,014	25,766,844
Restricted for:			
Capital Projects	2,176,254		2,176,254
Maintenance Reserve	621,238		621,238
Debt Service	2		2
Unrestricted/(Deficit)	<u>(8,396,819)</u>	<u>1,721</u>	<u>(8,395,098)</u>
Total Net Position	<u>\$ 20,158,505</u>	<u>\$ 10,735</u>	<u>\$ 20,169,240</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 13,579,623	\$ 53,260	\$ 4,496,389		\$ (9,029,974)	\$	\$ (9,029,974)
Special Education	5,246,515	678,537	2,825,277		(1,742,701)		(1,742,701)
Other Special Instruction	1,367,327		503,824		(863,503)		(863,503)
School Sponsored Instruction	119,031				(119,031)		(119,031)
Support services:							
Tuition	465,117		306,826		(158,291)		(158,291)
Student & Instruction Related Services	7,145,515		2,434,287		(4,711,228)		(4,711,228)
General Administrative Services	752,745		112,588		(640,157)		(640,157)
School Administrative Services	1,787,713		507,952		(1,279,761)		(1,279,761)
Central Services	686,211		97,577		(588,634)		(588,634)
Administrative Information Technology	14,504		3,403		(11,101)		(11,101)
Plant Operations and Maintenance	2,905,434				(2,905,434)		(2,905,434)
Pupil Transportation	1,683,092		187,846		(1,495,246)		(1,495,246)
Unallocated Depreciation	1,445,886				(1,445,886)		(1,445,886)
Capital Outlay	122,345				(122,345)		(122,345)
Interest on Long-Term Debt	964,061				(964,061)		(964,061)
Special School	50,301				(50,301)		(50,301)
Total Governmental Activities	38,335,420	731,797	11,475,969		(26,127,654)		(26,127,654)
Business-Type Activities:							
Food Service	477,741	\$ 367,536	96,276			\$ (13,929)	(13,929)
Total Business-Type Activities	477,741	367,536	96,276			(13,929)	(13,929)
Total Primary Government	\$ 38,813,161	\$ 1,099,333	\$ 11,572,245	\$ -0-	(26,127,654)	(13,929)	(26,141,583)

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Net (Expenses)/Revenues and Changes in Net Position</u>
	<u>Governmental Activities</u>
	<u>Business-type Activities</u>
	<u>Total</u>
General Revenues and Other Item:	
Taxes:	
Property Taxes, Levied for General Purposes, Net	\$ 23,145,143
Taxes Levied for Debt Service	1,707,984
Federal and State Aid Not Restricted	1,373,502
Investment Earnings	10,813
Miscellaneous Income	138,705
Other Item - Insurance Claims Transfer to Capital Reserve	580
	<u>200,000</u>
Total General Revenues and Other Item	<u>26,576,147</u>
Change in Net Position	580
	<u>(13,349)</u>
Net Position - Beginning (Restated)	19,710,012
Net Position - Ending	24,084
	<u>\$ 20,158,505</u>
	<u>\$ 10,735</u>
	<u>\$ 20,169,240</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

CLINTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 813,580		\$ 515,055	\$ 1,328,635
Interfund Receivable	58,026			58,026
Receivables from Federal Government		\$ 91,702		91,702
Receivables from State Government	345,193			345,193
Receivables from Other Governments	365			365
Restricted Cash and Cash Equivalents	2,797,492			2,797,492
Total Assets	\$ 4,014,656	\$ 91,702	\$ 515,055	\$ 4,621,413
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable		\$ 41,820		\$ 41,820
Payable to State Government		30,712		30,712
Accounts Payable	\$ 361,953			361,953
Prepaid School Taxes			\$ 515,053	515,053
Unearned Revenue	2,100	19,170		21,270
Total Liabilities	364,053	91,702	515,053	970,808
Fund Balances:				
Restricted:				
Capital Reserve Account	2,176,254			2,176,254
Maintenance Reserve	621,238			621,238
Debt Service Fund			2	2
Assigned:				
Year End Encumbrances	471,196			471,196
For Subsequent Year's Expenditures	70,321			70,321
Unassigned	311,594			311,594
Total Fund Balances	3,650,603		2	3,650,605
Total Liabilities and Fund Balances	\$ 4,014,656	\$ 91,702	\$ 515,055	\$ 4,621,413

CLINTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances from Prior Page	\$ 3,650,605
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	51,059,711
Interest on long term debt is not accrued in government funds, but rather is recognized as expenditure when due.	(472,132)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	108,119
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore is not reported as a liability in the Funds.	(26,731,245)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(7,396,349)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	2,068,846
Deferred Inflows	<u>(2,129,050)</u>
Net Position of Governmental Activities	<u><u>\$ 20,158,505</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 23,145,143		\$ 1,707,984	\$ 24,853,127
Tuition from Individuals	53,260			53,260
Tuition from Other LEAs	678,537			678,537
Interest Earned on Capital Reserve Funds	10,813			10,813
Miscellaneous	138,705	\$ 19,570		158,275
Total - Local Sources	24,026,458	19,570	1,707,984	25,754,012
State Sources	6,116,441	159,855		6,276,296
Federal Sources	377,054			377,054
Total Revenues	30,142,899	556,479	1,707,984	32,407,362
EXPENDITURES				
Current:				
Regular Instruction	7,043,726	84,592		7,128,318
Special Education Instruction	2,584,693	46,340		2,631,033
Other Special Instruction	666,605	13,268		679,873
School Sponsored Instruction	85,937			85,937
Support Services and Undistributed Costs:				
Tuition	158,291	306,826		465,117
Student & Instruction Related Services	3,615,427	105,453		3,720,880
General Administrative Services	554,154			554,154
School Administrative Services	892,941			892,941
Central Services	423,343			423,343
Administrative Information Technology	9,533			9,533
Plant Operations and Maintenance	2,390,713			2,390,713

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES				
Current:				
Pupil Transportation	\$ 1,669,406			\$ 1,669,406
Unallocated Benefits	8,810,096			8,810,096
Capital Outlay	315,594			315,594
Special Schools	50,301			50,301
Debt Service:				
Principal			\$ 1,020,000	1,020,000
Interest and Other Charges			1,079,706	1,079,706
Total Expenditures	<u>29,270,760</u>	<u>\$ 556,479</u>	<u>2,099,706</u>	<u>31,926,945</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	872,139		(391,722)	480,417
OTHER FINANCING SOURCES				
Other Item - Insurance Claim Transferred to Capital Reserve	<u>200,000</u>			<u>200,000</u>
Total Other Financing Sources	<u>200,000</u>			<u>200,000</u>
Net Change in Fund Balances	1,072,139		(391,722)	680,417
Fund Balance - July 1	<u>2,578,464</u>		<u>391,724</u>	<u>2,970,188</u>
Fund Balance - June 30	<u>\$ 3,650,603</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 3,650,605</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CLINTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	680,417
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.	Depreciation expense	\$ (1,484,532)
	Capital Outlays	<u>193,249</u>
		(1,291,283)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).

5,871

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

22,745

The governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)

99,519

Repayment of capital leases in an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of activities.

58,389

CLINTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)	\$ 1,020,000
The governmental funds report the effect of deferred amount on a bond refunding relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)	(6,619)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	1,538,841
Change in Deferred Outflows	(385,139)
Change in Deferred Inflows	<u>(1,294,248)</u>
Change in Net Position of Governmental Activities (A-2)	<u>\$ 448,493</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Fund Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 2,314
Intergovernmental Receivable:	
Federal	4,582
State	336
Accounts Receivable - Other	283
Inventory	<u>7,846</u>
Total Current Assets	<u>15,361</u>
Non-Current Assets:	
Capital Assets	168,139
Less: Accumulated Depreciation	<u>(159,125)</u>
Total Non-Current Assets	<u>9,014</u>
Total Assets	<u>24,375</u>
LIABILITIES:	
Unearned Revenue - Donated Commodities	1,948
Unearned Revenue - Prepaid Sales	<u>11,692</u>
Total Current Liabilities	<u>13,640</u>
Total Liabilities	<u>13,640</u>
NET POSITION:	
Investment in Capital Assets	9,014
Unrestricted	<u>1,721</u>
Total Net Position	<u>\$ 10,735</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Fund Food Service
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 202,145
Daily Sales - Nonreimbursable Programs	165,391
	367,536
Total Operating Revenue	367,536
Operating Expenses:	
Cost of Sales - Reimbursable Programs	138,654
Cost of Sales - Nonreimbursable Programs	113,482
Salaries, Benefits & Payroll Taxes	178,625
Supplies, Insurance & Other Costs	29,357
Management Fee	16,134
Depreciation Expense	1,489
	477,741
Total Operating Expenses	477,741
Operating Loss	(110,205)
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	60,089
Food Distribution Program	31,869
State Sources:	
State School Lunch Program	4,318
Local Sources:	
Interest Income	580
	96,856
Total Non-Operating Revenue	96,856
Change in Net Position	(13,349)
Net Position - Beginning of Year	24,084
Net Position - End of Year	\$ 10,735

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Fund Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 367,148
Payments to Food Service Vendor	(422,408)
Payments to Suppliers for Goods and Services	(20,809)
	(76,069)
Net Cash (Used for) Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Interfund Settled - General Fund	15,013
State Subsidy Reimbursements	4,184
Federal Subsidy Reimbursements	58,595
	77,792
Net Cash Provided by Noncapital Financing Activities	
Cash Flows from Investing Activities:	
Interest on Investments	580
	580
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	2,303
Cash and Cash Equivalents, July 1	11
Cash and Cash Equivalents, June 30	\$ 2,314
Reconciliation of Operating Loss to	
Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (110,205)
Adjustment to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Depreciation	1,489
Food Distribution Program	31,869
Changes in Assets and Liabilities:	
Decrease in Inventory	256
Decrease in Other Accounts Receivable	32
(Decrease) in Unearned Revenue - Prepaid Sales	(356)
Increase in Unearned Revenue - Donated Commodities	846
	846
Net Cash (Used for) Operating Activities	\$ (76,069)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$32,714 and utilized U.S.D.A. Commodities valued at \$31,869.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2018

	<u>Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 150,960	\$ 18,314	\$ 69,221
Total Assets	<u>150,960</u>	<u>18,314</u>	<u>69,221</u>
LIABILITIES:			
Payroll Deductions and Withholdings	18,524		
Interfund Payable	6,206	10,000	
Due to Student Groups	126,230		
Total Liabilities	<u>150,960</u>	<u>10,000</u>	
NET POSITION:			
Held in Trust for Unemployment Claims			69,221
Held in Trust for Flexible Spending Claims		8,314	
Total Net Position	<u>\$ -0-</u>	<u>\$ 8,314</u>	<u>\$ 69,221</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CLINTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Employee Deductions	\$ 15,442	\$ 16,138
Total Contributions	<u>15,442</u>	<u>16,138</u>
Investment Earnings	<u>200</u>	<u>1,141</u>
Total Additions	<u>15,642</u>	<u>17,279</u>
DEDUCTIONS:		
Unemployment Claims and Contributions		48,324
Flexible Spending Claims	<u>15,357</u>	
Total Deductions	<u>15,357</u>	<u>48,324</u>
Change in Net Position	285	(31,045)
Net Position - Beginning of the Year	<u>8,029</u>	<u>100,266</u>
Net Position - End of the Year	<u>\$ 8,314</u>	<u>\$ 69,221</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Clinton Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other on exchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue from sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes,

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and the Flexible Spending Trust Fund .

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current and prior years. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 30,142,979	\$ 564,872
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not.		
Current Year Encumbrances		(17,236)
Prior Year Encumbrances		8,843
Current Year State Aid Payments Recognized for Budgetary Purposes , not Recognized for GAAP Statements	(223,426)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	<u>223,346</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 30,142,899</u>	 <u>\$ 556,479</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 29,270,760	\$ 564,872
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		
Current Year Encumbrances		(17,236)
Prior Year Encumbrances		<u>8,843</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 29,270,760</u>	 <u>\$ 556,479</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, amount in deposits and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed, and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Site Improvements	15 to 30 years
Machinery and Equipment	5 to 20 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore there are no accrued salaries and wages related to this option as of June 30, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$3,650,603 General Fund fund balance at June 30, 2018, \$471,196 is assigned for encumbrances; \$2,176,254 is restricted in the capital reserve account; \$621,238 has been restricted in the maintenance reserve account; \$70,321 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2019; and \$311,594 is unassigned fund balance, which is \$223,426 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2019.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2018 is \$2.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2018.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$223,426, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record this state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$8,396,819 in its governmental activities, which is primarily a result of accrued interest payable, compensated absences payable, net pension liability and the pension related deferred inflows and outflows net of fund balance assigned for subsequent year's expenditures and encumbrances as well as unassigned fund balance.

The deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2018 related to pensions as well as for the deferred amount on the refunding of debt.

The District had deferred inflows of resources related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, a maintenance reserve and debt service.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2018.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2018.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

V. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

Custodial Credit Risk- The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

New Jersey statutes permit the deposit of public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

During the period ended June 30, 2018, the District did not hold any investments.

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>		<u>Total</u>
		<u>Capital Reserve</u>	<u>Maintenance Reserve</u>	
Checking and Savings Accounts	<u>\$ 1,569,444</u>	<u>\$ 2,176,254</u>	<u>\$ 621,238</u>	<u>\$4,366,936</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$4,366,936 and the bank balance was \$5,593,918.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2017		\$ 1,258,301
Increased by:		
Interest Earned	\$ 10,813	
Unexpended Balance of Current Year Withdrawal	407,140	
Transfer of Insurance Claim Proceeds	200,000	
Transferred by Board Resolution June 2018	<u>1,000,000</u>	
		<u>1,617,953</u>
		2,876,254
Decreased by :		
Withdrawal by Board Resolution		<u>(700,000)</u>
Ending Balance, June 30, 2018		<u><u>\$ 2,176,254</u></u>

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects exceeds the June 30, 2018 capital reserve account balance. The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 4,996,634			\$ 4,996,634
Construction in Progress	1,060,499			1,060,499
Total Capital Assets Not Being Depreciated	<u>6,057,133</u>			<u>6,057,133</u>
Capital Assets Being Depreciated:				
Site Improvements	1,575,968			1,575,968
Buildings and Building Improvements	65,063,161	\$ 135,476		65,198,637
Machinery and Equipment	1,671,806	57,773		1,729,579
Total Capital Assets Being Depreciated	<u>68,310,935</u>	<u>193,249</u>		<u>68,504,184</u>
Governmental Activities Capital Assets	<u>74,368,068</u>	<u>193,249</u>		<u>74,561,317</u>
Less Accumulated Depreciation for:				
Site Improvements	(928,029)	(41,559)		(969,588)
Buildings and Building Improvements	(20,068,887)	(1,340,449)		(21,409,336)
Machinery and Equipment	(1,020,158)	(102,524)		(1,122,682)
	<u>(22,017,074)</u>	<u>(1,484,532)</u>		<u>(23,501,606)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,350,994</u>	<u>\$ (1,291,283)</u>	<u>\$ -0-</u>	<u>\$ 51,059,711</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 168,139			\$ 168,139
Less Accumulated Depreciation	(157,636)	\$ (1,489)		(159,125)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 10,503</u>	<u>\$ (1,489)</u>	<u>\$ -0-</u>	<u>\$ 9,014</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Plant Operations and Maintenance	\$	37,650
Pupil Transportation		996
Unallocated		1,445,886
		1,484,532
	\$	1,484,532

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District transferred \$306 to the capital outlay accounts for equipment which did not require the approval of the County Superintendent. The \$699,794 transferred to the capital outlay accounts required approval from the County Superintendent.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2017	Retired	Balance 6/30/2018
Serial Bonds Payable	\$ 26,430,000	\$ 1,020,000	\$ 25,410,000
Unamortized Bond Premiums	763,040	99,519	663,521
Capital Lease Payable	58,389	58,389	
Net Pension Liability	8,935,190	1,538,841	7,396,349
Compensated Absences Payable	663,595	5,871	657,724
	\$ 36,850,214	\$ 2,722,620	\$ 34,127,594

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The current portion of bonds at June 30, 2018 is \$1,070,000 and the long-term portion is \$24,340,000. The Debt Service Fund will be used to liquidate bonds payable.

The District had bonds outstanding as of June 30, 2018 as follows:

Purpose	Final Maturity	Interest Rate	Amount
2011 Refunding Bonds	1/15/2024	4.000%-5.000%	\$ 6,615,000
2012 Refunding Bonds	1/15/2030	2.000%-4.125%	10,280,000
2015 Refunding Bonds	1/15/2034	2.000%-4.125%	8,515,000
			\$ 25,410,000

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,070,000	\$ 1,030,111	\$ 2,100,111
2019	1,125,000	978,011	2,103,011
2020	1,185,000	923,086	2,108,086
2021	1,250,000	865,086	2,115,086
2022	1,320,000	803,873	2,123,873
Thereafter:			
2023-2027	7,725,000	3,120,796	10,845,796
2028-2032	9,600,000	1,521,001	11,121,001
2033	2,135,000	85,400	2,220,400
	<u>\$25,410,000</u>	<u>\$9,327,364</u>	<u>\$ 34,737,364</u>

B. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$99,519 and is separated from the long-term liability balance of \$564,002.

C. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board had no bonds authorized but not issued.

D. Capital Leases Payable:

The final maturity of the District's Capital Leases Payable occurred during the current fiscal year.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$657,724. There is no current portion of compensated absences payable.

The General Fund will be used to liquidate the compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the Enterprise Fund.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$7,396,349. See Note 9 for further information on the PERS.

NOTE 8. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Clinton Township School District by board resolution. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017		\$ 390,706
Increased by:		
Unexpended Balance of Current Year Withdrawal	\$ 49,308	
Transfer by Board Resolution June 2018	261,224	
		310,532
		701,238
Decreased by:		
Withdrawal by Board Resolution		(80,000)
Ending Balance, June 30, 2018		\$ 621,238

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Public Employee's Retirement System (PERS) of New Jersey; the Teachers' Pension and Annuity Fund (TPAF) or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$310,309 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of \$7,396,349 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.0318%, which was an increase of 0.0016% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$462,658. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 83,904	
	2015	5.72	353,425	
	2016	5.57	1,052,781	
	2017	5.48		\$(1,484,646)
				<u>1,490,110</u>
Difference Between Expected and Actual Experience	2015	5.72	98,056	
	2016	5.57	31,949	
	2017	5.48	44,153	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(88,630)	
	2015	5.00	75,606	
	2016	5.00	317,008	
	2017	5.00	(253,620)	
				<u>50,364</u>
Changes in Proportion	2014	6.44	68,245	
	2015	5.72		(112,992)
	2016	5.57		(531,412)
	2017	5.48	285,969	
				<u>354,214</u>
District Contribution Subsequent to the Measurement Date	2017	1.00	322,434	
			<u>\$ 2,391,280</u>	<u>\$(2,129,050)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the district contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2018	\$ 174,118
2019	262,747
2020	159,211
2021	(211,751)
2022	(154,339)
	<u>\$ 229,986</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 9,175,673	\$ 7,396,349	\$ 5,913,952

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$1,598,761 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$5,190,938.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$74,932,416. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.0111%, which was a decrease of 0.009% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	74,932,416
Total	\$ <u>74,932,416</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$5,190,938 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
			<u>13,378,255,364</u>	<u>11,684,858,458</u>
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
			<u>441,116,389</u>	<u>115,381,203</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
			<u>341,507,504</u>	
		<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>	

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2018	740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
	<u>\$ 2,360,639,596</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2017		
	At 1% Decrease (3.25%)	At Current Discount Rate 4.25%	At 1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 89,022,061	\$ 74,932,416	\$ 63,325,306

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$10,810 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$19,819 for the fiscal year ended June 30, 2018.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health care coverage through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

The Clinton Township School District is a member of the New Jersey Schools Insurance Group (the "Group"). The Group provides general liability, property, automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Selected, summarized financial information for the Group as of June 30, 2018 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	\$ 348,953,830
Net Position	\$ 82,580,855
Total Revenue	\$ 133,258,299
Total Expenses	\$ 129,340,074
Change in Net Position	\$ 3,918,225
Member Dividends	\$ -0-

Financial statements for the Group are available at the Executive Director's Office:

New Jersey School Insurance Group
6000 Midatlantic Drive
Suite 300 North
Mount Laurel, NJ 08054
(609) 386-6060

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018		\$ 1,141	\$ 16,138	\$ 48,324	\$ 69,221
2016-2017		753	25,633	19,046	100,266
2015-2016	\$ 60,000	253	24,704	25,661	92,926

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln National VALIC	AXA Equitable Legend Group
---------------------------	-------------------------------

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2018 there were interfund receivables and payables as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 58,026	
Special Revenue Fund		\$ 41,820
Fiduciary Funds		16,206
	<u>\$ 58,026</u>	<u>\$ 58,026</u>

The interfund receivable in the General Fund represents the \$41,820 cash deficit due from the Special Revenue Fund as the result of federal grants receivable as well as a prior year interfund of \$16,206 due from the Fiduciary Funds.

NOTE 13. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education’s programs and activities.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$2,600,000 School Bonds dated September 14, 2005 as the District is considered a small issuer with debt under \$15,000,000.

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 471,196	\$ 17,236	\$ 488,432
\$ 471,196	\$ 17,236	\$ 488,432

On the District's Governmental Funds Balance Sheet as of June 30, 2018, \$-0- is assigned for year-end encumbrances for the Special Revenue Fund. On a GAAP basis, actual encumbrances are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 15. TAX CALENDAR

Property taxes are levied by the District's constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and September 12. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 15. TAX CALENDAR (Cont'd)

A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the school district on a predetermined mutually agreed-upon schedule.

NOTE 16. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type Activities as of June 30, 2018 consisted of the following:

	<u>Governmental Funds</u>	<u>District Contribution</u>	<u>Total</u>
	<u>General Fund</u>	<u>Subsequent to the Measurement Date</u>	<u>Governmental Activities</u>
Salaries	\$ 361,953		\$ 361,953
State of New Jersey		\$ 322,434	322,434
	<u>\$ 361,953</u>	<u>\$ 322,434</u>	<u>\$ 684,387</u>

NOTE 17. PRIOR PERIOD ADJUSTMENT

The District made a prior year adjustment in the District Wide Financial Statements to reflect the District's contribution subsequent to the measurement date for pensions as an accounts payable as of June 30, 2017.

	<u>Balance 6/30/17 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/17 as Restated</u>
<u>Statement of Net Position:</u>			
<u>Governmental Activities:</u>			
LIABILITIES			
Accounts Payable	\$ 51,469	\$ 268,017	\$ 319,486
Total Liabilities	37,708,808	268,017	37,976,825
NET POSITION			
Unrestricted/(Deficit)	(7,925,307)	(268,017)	(8,193,324)
Total Net Position	19,978,029	(268,017)	19,710,012

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POST-RETIREMENT BENEFITS

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	<u>223,747</u>
Total	<u><u>366,078</u></u>

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POST-RETIREMENT BENEFITS (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 18. POST-RETIREMENT BENEFITS (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 67,097,899	\$ 56,523,859	\$ 48,136,430

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POST-RETIREMENT BENEFITS (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate (Cont'd)

	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
	Total OPEB Liability Attributable to the District	\$ 72,973,514	\$ 60,911,704

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 46,485,410	\$ 56,523,859	\$ 69,854,801

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 49,979,749	\$ 60,911,704	\$ 75,526,686

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$3,642,039 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POST-RETIREMENT BENEFITS (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

REQUIRED SUPPLEMENTARY INFORMATION

CLINTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.0355776482%	0.0343432683%	0.3016899020%	0.0317734413%
District's proportionate share of the net pension liability	\$ 6,661,109	\$ 7,709,376	\$ 8,935,190	\$ 7,396,349
District's covered employee payroll	\$ 2,049,620	\$ 2,096,944	\$ 2,247,236	\$ 2,303,417
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	324.99%	367.65%	397.61%	321.10%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CLINTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 260,969	\$ 293,297	\$ 295,260	\$ 310,309
Contributions in relation to the contractually required contribution	<u>(260,969)</u>	<u>(293,297)</u>	<u>(295,260)</u>	<u>(310,309)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,355,925	\$ 2,049,620	\$ 2,096,944	2,247,236
Contributions as a percentage of covered employee payroll	11.08%	14.31%	14.08%	13.81%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CLINTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.1198850273%	0.1173919781%	0.119866681%	0.111136768%
State's proportionate share of the net pension liability attributable to the District	\$ 64,074,645	\$ 74,196,743	\$ 94,294,763	\$ 74,932,416
District's covered employee payroll	\$ 11,690,976	\$ 11,364,829	\$ 11,001,425	\$ 11,770,823
State's proportionate share of the net pension liability attributable to the District as a percentage of the District's covered employee payroll	548.07%	652.86%	857.11%	636.59%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CLINTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 3,447,817	\$ 4,530,379	\$ 7,084,939	\$ 5,190,938
Contributions in relation to the contractually required contribution	(934,664)	(959,700)	(1,250,070)	(1,598,761)
Contribution deficiency/(excess)	<u>\$ 2,513,153</u>	<u>\$ 3,570,679</u>	<u>\$ 5,834,869</u>	<u>\$ 3,592,177</u>
District's covered employee payroll	\$ 11,690,976	\$ 11,364,829	\$ 11,001,425	\$ 11,770,823
Contributions as a percentage of covered employee payroll	7.99%	8.44%	11.36%	13.58%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CLINTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	(1,223,298,019)	(1,242,412,566)
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	46,849,651,824	57,831,784,184
Total OPEB Liability - Ending	\$ 57,831,784,184	\$ 53,639,841,858
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 23,145,143		\$ 23,145,143	\$ 23,145,143	
Tuition from Individuals				53,260	\$ 53,260
Tuition from Other LEAs	577,593		577,593	678,537	100,944
Interest Earned on Capital Reserve Funds	1,000		1,000	10,813	9,813
Miscellaneous	100,000	\$ 34,500	134,500	138,705	4,205
Total - Local Sources	23,823,736	34,500	23,858,236	24,026,458	168,222
State Sources:					
Categorical Special Education Aid	780,444		780,444	781,370	926
Categorical Security Aid	83,110		83,110	83,110	
School Choice Aid	507,624		507,624	507,624	
Adjustment Aid	741,912		741,912	741,912	
Categorical Transportation Aid	168,475		168,475	168,475	
PAARC Readiness Aid	14,050		14,050	14,050	
Per Pupil Growth Aid	14,050		14,050	14,050	
Professional Learning Community Aid	12,750		12,750	12,750	
Extraordinary Special Education Costs Aid				285,486	(102,599)
Nonpublic School Transportation Costs	388,085		388,085	19,371	19,371
On-Behalf TPAF Pension Contribution (Non-Budgeted)				1,598,761	1,598,761
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,057,665	1,057,665
On-Behalf TPAF Long Term Disability Insurance (Non-Budgeted)				2,480	2,480
On-Behalf TPAF Non Contributory Insurance (Non-Budgeted)				38,798	38,798
Reimbursed TPAF Social Security (Non-Budgeted)				790,619	790,619
Total State Sources	2,710,500		2,710,500	6,116,521	3,406,021
TOTAL REVENUES	26,534,236	34,500	26,568,736	30,142,979	3,574,243

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 43,191	\$ 73,143	\$ 116,334	\$ 116,334	
Kindergarten - Salaries of Teachers	406,377	(33,491)	372,886	347,531	\$ 25,355
Grades 1-5 - Salaries of Teachers	3,186,275	79,679	3,265,954	3,265,954	
Grades 6-8 - Salaries of Teachers	2,170,756	32,958	2,203,714	2,138,695	65,019
Regular Programs - Home Instruction:					
Salaries of Teachers	16,000	(6,773)	9,227	9,227	
Purchased Professional - Educational Services	5,000	7,196	12,196	12,196	
Regular Programs - Undistributed Instruction (Cont'd):					
Purchased Professional - Educational Services	152,000	83,683	235,683	235,683	
Purchased Technical Services	56,980	(44,625)	12,355	8,471	3,884
Other Purchased Services (400-500 series)	366,228	(21,407)	344,821	336,287	8,534
General Supplies	688,338	(115,928)	572,410	563,154	9,256
Textbooks	7,500	(1,520)	5,980	4,544	1,436
Other Objects	9,270		9,270	5,650	3,620
Total Regular Programs - Instruction	7,107,915	52,915	7,160,830	7,043,726	117,104
Special Education - Instruction					
Learning and/or Language Disabilities:					
Salaries of Teachers	56,780	1,419	58,199	58,199	
Other Salaries for Instruction	52,935	1,159	54,094	28,952	25,142
Learning and/or Language Disabilities	109,715	2,578	112,293	87,151	25,142
Resource Room/Resource Center:					
Salaries of Teachers	2,061,814	26,566	2,088,380	2,015,774	72,606
Other Salaries for Instruction		4,607	4,607	4,607	
Purchased Professional - Educational Services		52,211	52,211	50,211	2,000
Other Purchased Services		65	65	62	3
General Supplies	24,855	(19,189)	5,666	5,588	78
Total Resource Room/Resource Center	2,086,669	64,260	2,150,929	2,076,242	74,687

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Autism:					
Salaries of Teachers	\$ 145,614	\$ 61,495	\$ 207,109	\$ 207,109	
Other Salaries for Instruction	28,080	71,292	99,372	99,372	
Purchased Professional - Educational Services	18,500	(1,238)	17,262	17,262	
General Supplies	5,400	(880)	4,520	3,167	\$ 1,353
Total Autism	197,594	130,669	328,263	326,910	1,353
Preschool Disabilities - Full-time:					
Salaries of Teachers	55,830	(32,688)	23,142		23,142
Other Salaries for Instruction	130,021	3,055	133,076	94,390	38,686
Total Preschool Disabilities - Full-time	185,851	(29,633)	156,218	94,390	61,828
Total Special Education Instruction	2,579,829	167,874	2,747,703	2,584,693	163,010
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	653,655	63,138	716,793	653,558	63,235
Purchased Professional - Educational Services	16,500	(9,948)	6,552	6,552	
General Supplies	8,850		8,850	6,495	2,355
Total Basic Skills/Remedial - Instruction	679,005	53,190	732,195	666,605	65,590
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	33,918	500	34,418	29,244	5,174
Supplies and Materials	6,600	(1,000)	5,600	1,352	4,248
Total School-Sponsored Cocurricular Activities - Instruction	40,518	(500)	40,018	30,596	9,422
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	70,278		70,278	37,169	33,109
Purchased Services (300-500 series)	15,543		15,543	7,679	7,864
Supplies and Materials	13,450		13,450	10,493	2,957
Other Objects	300		300		300
Total School-Sponsored Cocurricular Athletics - Instruction	99,571		99,571	55,341	44,230
Total Instruction	10,506,838	273,479	10,780,317	10,380,961	399,356

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Private Schools for the Disabled - Within the State	\$ 99,002	\$ 61,715	\$ 160,717	\$ 153,831	\$ 6,886
Tuition - Other		4,960	4,960	4,460	500
Total Undistributed Expenditures - Instruction:	99,002	66,675	165,677	158,291	7,386
Attendance and Social Work:					
Salaries	157,102	6,692	163,794	153,041	10,753
Supplies and Materials	32,850	(3,793)	29,057	26,128	2,929
Total Attendance and Social Work	189,952	2,899	192,851	179,169	13,682
Health Services:					
Salaries	348,806	9,924	358,730	335,031	23,699
Purchased Professional and Technical Services	3,500		3,500	3,000	500
Supplies and Materials	18,395	793	19,188	14,425	4,763
Total Health Services	370,701	10,717	381,418	352,456	28,962
Other Support Services - Students - Related Services:					
Salaries	445,699	61,174	506,873	479,215	27,658
Purchased Professional - Educational Services		16,558	16,558	15,978	580
Supplies and Materials	5,000		5,000	1,857	3,143
Total Other Support Services - Students - Related Services	450,699	77,732	528,431	497,050	31,381
Other Support Services - Students - Extraordinary Services:					
Salaries	338,204	16,225	354,429	320,735	33,694
Purchased Professional - Educational Services	279,079	(41,000)	238,079	223,359	14,720
Total Other Support Services - Students - Extraordinary Services	617,283	(24,775)	592,508	544,094	48,414
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	400,241	9,548	409,789	409,789	
Supplies and Materials	1,350	(142)	1,208	661	547
Total Other Support Services - Students - Guidance	401,591	9,406	410,997	410,450	547

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	\$ 740,030	\$ 68,044	\$ 808,074	\$ 724,368	\$ 83,706
Salaries of Secretarial and Clerical Assistants	73,513	1,728	75,241	73,909	1,332
Purchased Professional - Educational Services	91,027	(45,802)	45,225	38,183	7,042
Other Purchased Services (400-500)	43,835	(6,215)	37,620	28,409	9,211
Supplies and Materials	22,531	(2,500)	20,031	13,443	6,588
Other Objects	2,025	1,000	3,025	2,115	910
Total Other Support Services - Students - Child Study Teams	972,961	16,255	989,216	880,427	108,789
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	86,250	34,087	120,337	75,433	44,904
Salaries of Other Professional Staff	19,800	37,700	57,500	28,938	28,562
Salaries of Secretarial and Clerical Assistants	30,000	(5,122)	24,878	21,844	3,034
Purchased Professional - Educational Services		6,500	6,500	3,250	3,250
Other Purchased Services (400-500)	6,000	(3,250)	2,750	676	2,074
Supplies and Materials	2,500	(181)	2,319	1,651	668
Other Objects	4,250		4,250	1,059	3,191
Total Improvement of Instructional Services	148,800	69,734	218,534	132,851	85,683
Educational Media Services/School Library:					
Salaries	353,045	53,401	406,446	365,101	41,345
Salaries of Technology Coordinators	93,840	2,346	96,186	88,349	7,837
Purchased Professional and Technical Services	4,000	(1,543)	2,457	2,457	
Other Purchased Service (400-500 Series)	8,925	(8,925)			
Supplies and Materials	26,773		26,773	21,471	5,302
Total Educational Media Services/School Library	486,583	45,279	531,862	477,378	54,484

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Instructional Staff Training Services:					
Salaries of Supervisor of Instruction	\$ 86,250	\$ 656	\$ 86,906	\$ 48,747	\$ 38,159
Salaries of Secretarial and Clerical Assistants	24,307	571	24,878	20,719	4,159
Purchased Professional - Educational Services	60,000	4,750	64,750	59,751	4,999
Other Purchased Service (400-500 Series)	57,000	(27,500)	29,500	12,335	17,165
Other Objects	1,500	(1,500)			
Total Instructional Staff Training Services	229,057	(23,023)	206,034	141,552	64,482
Support Services - General Administration:					
Salaries	242,581	(24,249)	218,332	218,332	
Legal Services	50,000	77,276	127,276	126,978	298
Audit Fees	31,110		31,110	31,110	
Architect/Engineering Services		9,974	9,974	6,500	3,474
Other Purchased Professional Services	61,495	(14,928)	46,567	46,567	
Communications/Telephone	47,500	(4,790)	42,710	42,171	539
BOE Other Purchased Services	1,500	(750)	750	750	
Miscellaneous Purchased Services (400-500 series)	84,957	(12,353)	72,604	66,154	6,450
General Supplies	2,028		2,028	1,485	543
BOE In-House Training/Meetings Supplies	500		500	214	286
Miscellaneous Expenditures	4,500	(1,700)	2,800	2,500	300
BOE Membership Dues and Fees	13,000	(300)	12,700	12,143	557
Total Support Services - General Administration	539,171	28,180	567,351	554,154	13,197
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	658,060	18,673	676,733	676,733	
Salaries of Secretarial and Clerical Assistants	166,102	23,228	189,330	189,330	
Other Purchased Services (400-500 series)	24,840	(9,064)	15,776	15,776	
Other Objects	15,000	(3,898)	11,102	11,102	
Total Support Services - School Administration	864,002	28,939	892,941	892,941	

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 348,685	\$ 22,671	\$ 371,356	\$ 371,356	
Purchased Professional Services	21,735	(106)	21,629	21,629	
Purchased Technical Services	16,730	497	17,227	17,227	
Miscellaneous Purchased Services	9,150	(2,675)	6,475	6,475	
Supplies and Materials	7,250	(2,371)	4,879	4,879	
Interest of Lease Purchase Agreements	3,165	(3,165)			
Miscellaneous Expenditures	1,800	(23)	1,777	1,777	
Total Central Services	408,515	14,828	423,343	423,343	
Administrative Information Technology:					
Salaries		4,533	4,533	4,533	
Purchased Professional Services	5,031		5,031	5,000	\$ 31
Total Administrative Technology	5,031	4,533	9,564	9,533	31
Required Maintenance of School Facilities:					
Salaries	297,116	6,583	303,699	291,633	12,066
Cleaning, Repair and Maintenance Services	318,375	58,801	377,176	272,564	104,612
Lead Water Testing of Drinking Water		5,760	5,760	2,404	3,356
General Supplies	95,500	(8,087)	87,413	78,152	9,261
Other Objects	750	226	976	976	
Total Required Maintenance of School Facilities	711,741	63,283	775,024	644,753	130,271
Custodial Services:					
Salaries	842,635	33,181	875,816	857,782	18,034
Purchased Professional and Technical Services	50,100	415	50,515	38,523	11,992
Cleaning, Repair and Maintenance Services	51,900	19,610	71,510	58,563	12,947
Other Purchased Property Services	30,000	7,000	37,000	29,131	7,869
Insurance	119,535		119,535	114,736	4,799
Miscellaneous Purchased Services	2,500		2,500	1,915	585
General Supplies	88,644	(7,745)	80,899	78,063	2,836
Energy (Electricity)	424,284		424,284	368,150	56,134
Energy (Natural Gas)	189,840	(15,846)	173,994	152,517	21,477

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services (Cont'd):					
Energy (Oil)	\$ 8,500		\$ 8,500	\$ 5,514	\$ 2,986
Other Objects	1,000		1,000		1,000
Total Custodial Services	1,808,938	\$ 36,615	1,845,553	1,704,894	140,659
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	2,000		2,000		2,000
Cleaning, Repair and Maintenance Services	3,500	450	3,950	2,955	995
General Supplies	35,203	250	35,453	26,025	9,428
Total Care and Upkeep of Grounds	40,703	700	41,403	28,980	12,423
Security:					
Cleaning, Repair and Maintenance Services	4,000	(4,000)			
General Supplies	15,500	8,000	23,500	12,086	11,414
Total Security	19,500	4,000	23,500	12,086	11,414
Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	15,000	(13,374)	1,626	1,429	197
Between Home and School - Regular	7,268	591	7,859	7,859	
Between Home and School - Special	7,268	217	7,485	7,485	
Management Fee - ESC and CTSA Transportation Program	10,000	2,712	12,712	10,695	2,017
Other Purchased Professional and Technical Services	53,947	(28,977)	24,970	24,967	3
Contracted Services:					
Other Than Between Home and School - Vendors	35,500	(4,100)	31,400	22,519	8,881
Between Home and School - Joint Agreements	148,284	100	148,384	148,094	290
Special Education Students - Vendors	144,301	(73,120)	71,181	56,739	14,442
Regular Students - ESC's and CTSA's	1,192,311	6,046	1,198,357	1,198,357	
Special Education Students - ESC's and CTSA's	78,794	79,562	158,356	158,356	
Aid in Lieu - Nonpublic Schools	36,000	(317)	35,683	32,906	2,777
Miscellaneous Purchased Services - Transportation	3,500	(3,500)			
General Supplies	500	(500)			
Total Student Transportation Services	1,732,673	(34,660)	1,698,013	1,669,406	28,607

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 350,287	\$ (37,499)	\$ 312,788	\$ 270,701	\$ 42,087
Other Retirement Contributions - PERS	332,688	(14,507)	318,181	310,309	7,872
Other Retirement Contributions - Regular	4,000	500	4,500	4,333	167
Unemployment Compensation	50,000	(48,188)	1,812	125,822	1,812
Workmen's Compensation	130,879	(89,524)	130,879	4,457,067	5,057
Health Benefits	4,630,602	7,000	4,541,078	63,666	84,011
Tuition Reimbursement	68,268	(403,263)	75,268	60,690	11,602
Other Employee Benefits	467,804	29,185	64,541	29,185	3,851
Unused Sick Payment to Terminated/Retired Staff					
Total Unallocated Benefits	6,034,528	(556,296)	5,478,232	5,321,773	156,459
On-Behalf Contributions:					
On-Behalf TPAF Pension Contribution (Non-Budgeted)				1,598,761	(1,598,761)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,057,665	(1,057,665)
On-Behalf TPAF Long Term Disability Insurance (Non-Budgeted)				2,480	(2,480)
On-Behalf TPAF Non Contributory Insurance (Non-Budgeted)				38,798	(38,798)
Reimbursed TPAF Social Security (Non-Budgeted)				790,619	(790,619)
Total On-Behalf Contributions				3,488,323	(3,488,323)
Total Personal Services - Employee Benefits	6,034,528	(556,296)	5,478,232	8,810,096	(3,331,864)
Total Undistributed Expenses	16,131,431	(158,979)	15,972,452	18,523,904	(2,551,452)
TOTAL GENERAL CURRENT EXPENSE	26,638,269	114,500	26,752,769	28,904,865	(2,152,096)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Administrative Information Technology	27,091	206	27,297	27,297	
Security	113,000		113,000		113,000
Care and Upkeep of Grounds	4,359		4,359	4,359	
Total Equipment	144,450	206	144,656	31,656	113,000

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal	\$ 59,923	\$ (206)	\$ 59,717	\$ 59,453	\$ 264
Construction Services	107,726	700,000	807,726	135,476	672,250
Other Objects - Debt Service Assessment	89,009		89,009	89,009	
Total Facilities Acquisition and Construction Services	256,658	699,794	956,452	283,938	672,514
TOTAL CAPITAL OUTLAY	401,108	700,000	1,101,108	315,594	785,514
SUMMER SCHOOL					
Salaries of Teachers	43,963		43,963	28,890	15,073
Other Salaries for Instruction	23,040		23,040	20,553	2,487
Purchased Professional and Technical Services	2,000		2,000		2,000
General Supplies	2,000		2,000	858	1,142
TOTAL SUMMER SCHOOL	71,003		71,003	50,301	20,702
TOTAL EXPENDITURES	27,110,380	814,500	27,924,880	29,270,760	(1,345,880)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(576,144)	(780,000)	(1,356,144)	872,219	2,228,363
Other Financing Sources					
Insurance Claims - Transfer to Capital Reserve				200,000	200,000
Total Other Financing Sources				200,000	200,000
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(576,144)	(780,000)	(1,356,144)	1,072,219	2,428,363

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1	\$ 2,801,810		\$ 2,801,810	\$ 2,801,810	
Fund Balance, June 30	\$ 2,225,666	\$ (780,000)	\$ 1,445,666	\$ 3,874,029	\$ 2,428,363
Recapitulation:					
Restricted:					
Capital Reserve				2,176,254	
Maintenance Reserve				621,238	
Assigned for:					
Year End Encumbrances				471,196	
Subsequent Year's Expenditures				70,321	
Unassigned				535,020	
				3,874,029	
Reconciliation to Governmental Funds Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(223,426)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,650,603	

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 37,985	\$ 37,985	\$ 37,985	\$ 33,838	\$ (4,147)
State Sources	189,505	189,505	189,505	159,855	(29,650)
Federal Sources	\$ 312,907	144,500	457,407	371,179	(86,228)
Total Revenues	\$ 312,907	\$ 371,990	\$ 684,897	\$ 564,872	\$ (120,025)
EXPENDITURES:					
Instruction					
Purchased Professional/Educational Services	\$ 14,851	\$ 84,677	\$ 99,528	\$ 70,923	\$ 28,605
Tuition	275,595	46,879	322,474	306,412	16,062
Other Purchased Services		11,900	11,900	11,280	
General Supplies		64,819	64,819	54,914	9,905
Textbooks	22,461	(768)	21,693	20,648	1,045
Total Instruction	312,907	207,507	520,414	464,177	56,237
Support Services					
Personal Services - Employee Benefits		4,758	4,758		4,758
Purchased Professional/Technical Services		150,088	150,088	91,586	58,502
Purchased Professional/Educational Services		6,000	6,000	5,483	517
Other Purchased Services		3,637	3,637	3,626	11
Total Support Services		164,483	164,483	100,695	63,788
Total Expenditures	\$ 312,907	\$ 371,990	\$ 684,897	\$ 564,872	\$ 120,025

CLINTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 30,142,979	\$ 564,872
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		
Current Year Encumbrances		(17,236)
Prior Year Encumbrances		8,843
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(223,426)	
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	223,346	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 30,142,899	\$ 556,479
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 29,270,760	\$ 564,872
Differences - Budget to GAAP		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		
Current Year Encumbrances		(17,236)
Prior Year Encumbrances		8,843
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 29,270,760	\$ 556,479

CLINTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current and prior years. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

CLINTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Elementary and Secondary Education Act Title II Part A	Basic	IDEA Part B Preschool	Non-Public Technology	Non-Public Textbooks
REVENUE:					
Local Sources					
State Sources	\$ 14,810	\$ 348,305	\$ 8,064	\$ 14,599	\$ 20,648
Federal Sources					
Total Revenue	14,810	348,305	8,064	14,599	20,648
EXPENDITURES:					
Instruction:					
Purchased Professional/Educational Services				14,599	
Tuition		306,412			
Other Purchased Services			2,581		20,648
General Supplies					
Textbooks					
Total Instruction		306,412	2,581	14,599	20,648
Support Services:					
Purchased Professional/Technical Services	11,184	41,893			
Purchased Professional/Educational Services			5,483		
Other Purchased Services	3,626				
Total Support Services	14,810	41,893	5,483		
Total Expenditures	\$ 14,810	\$ 348,305	\$ 8,064	\$ 14,599	\$ 20,648

CLINTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Non-Public			
	Chapter 192	Chapter 193		
	Compensatory Education	Examination and Classification	Supplemental Instruction	Non-Public Nursing
REVENUE:				
Local Sources				
State Sources	\$ 13,268	\$ 28,998	\$ 6,916	\$ 7,142
Federal Sources				
Total Revenue	\$ 13,268	\$ 28,998	\$ 6,916	\$ 7,142
EXPENDITURES:				
Instruction:				
Purchased Professional/Educational Services	13,268	28,998	6,916	7,142
Tuition				
Other Purchased Services				
General Supplies				
Textbooks				
Total Instruction	13,268	28,998	6,916	7,142
Support Services:				
Purchased Professional/Technical Services				38,509
Purchased Professional/Educational Services				
Other Purchased Services				
Total Support Services				38,509
Total Expenditures	\$ 13,268	\$ 28,998	\$ 6,916	\$ 7,142

CLINTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Non-Public Security	Various Local Grants	Totals
REVENUE:			
Local Sources		\$ 33,838	\$ 33,838
State Sources	\$ 29,775		159,855
Federal Sources			371,179
Total Revenue	29,775	33,838	564,872
EXPENDITURES:			
Instruction:			
Purchased Professional/Educational Services			70,923
Tuition			306,412
Other Purchased Services		11,280	11,280
General Supplies	29,775	22,558	54,914
Textbooks			20,648
Total Instruction	29,775	33,838	464,177
Support Services:			
Purchased Professional/Technical Services			91,586
Purchased Professional/Educational Services			5,483
Other Purchased Services			3,626
Total Support Services			100,695
Total Expenditures	\$ 29,775	\$ 33,838	\$ 564,872

CLINTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

CLINTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 2,314
Intergovernmental Receivable:	
Federal	4,582
State	336
Accounts Receivable - Other	283
Inventory	<u>7,846</u>

Total Current Assets	<u>15,361</u>
----------------------	---------------

Non-Current Assets:

Capital Assets	168,139
Less: Accumulated Depreciation	<u>(159,125)</u>

Total Non-Current Assets	<u>9,014</u>
--------------------------	--------------

Total Assets	<u>24,375</u>
--------------	---------------

LIABILITIES:

Unearned Revenue - Donated Commodities	1,948
Unearned Revenue - Prepaid Sales	<u>11,692</u>

Total Current Liabilities	<u>13,640</u>
---------------------------	---------------

Total Liabilities	<u>13,640</u>
-------------------	---------------

NET POSITION:

Investment in Capital Assets	9,014
Unrestricted	<u>1,721</u>

Total Net Position	<u><u>\$ 10,735</u></u>
--------------------	-------------------------

CLINTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 202,145
Daily Sales - Nonreimbursable Programs	165,391
	<hr/>
Total Operating Revenue	367,536
Accounts Receivable - Other	
Operating Expenses:	
Cost of Sales - Reimbursable Programs	138,654
Cost of Sales - Nonreimbursable Programs	113,482
Salaries, Benefits & Payroll Taxes	178,625
Supplies, Insurance & Other Costs	29,357
Management Fee	16,134
Depreciation Expense	1,489
	<hr/>
Total Operating Expenses	477,741
	<hr/>
Operating Loss	(110,205)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	60,089
Food Distribution Program	31,869
State Sources:	
State School Lunch Program	4,318
Local Sources:	
Interest Income	580
	<hr/>
Total Non-Operating Revenue	96,856
	<hr/>
Change in Net Position	(13,349)
	<hr/>
Net Position - Beginning of Year	24,084
	<hr/>
Net Position - End of Year	\$ 10,735
	<hr/> <hr/>

CLINTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 367,148
Payments to Food Service Vendor	(422,408)
Payments to Suppliers for Goods and Services	(20,809)
	<hr/>
Net Cash (Used for) Operating Activities	(76,069)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Interfund Settled - General Fund	15,013
State Subsidy Reimbursements	4,184
Federal Subsidy Reimbursements	58,595
	<hr/>
Net Cash Provided by Noncapital Financing Activities	77,792
	<hr/>
Cash Flows from Investing Activities:	
Interest on Investments	580
	<hr/>
Net Cash Provided by Investing Activities	580
	<hr/>
Net Increase in Cash and Cash Equivalents	2,303
Cash and Cash Equivalents, July 1	11
	<hr/>
Cash and Cash Equivalents, June 30	\$ 2,314
	<hr/> <hr/>
Reconciliation of Operating Loss to	
Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (110,205)
Adjustment to Reconcile Operating Loss to Net	
Cash Used for Operating Activities:	
Depreciation	1,489
Food Distribution Program	31,869
Changes in Assets and Liabilities:	
Decrease in Inventory	256
Decrease in Other Accounts Receivable	32
(Decrease) in Unearned Revenue - Prepaid Sales	(356)
Increase in Unearned Revenue - Donated Commodities	846
	<hr/>
Net Cash (Used for) Operating Activities	\$ (76,069)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$32,714 and utilized U.S.D.A. Commodities valued at \$31,869.

FIDUCIARY FUNDS

CLINTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Agency</u>			<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>		
ASSETS:					
Cash and Cash Equivalents	\$ 126,230	\$ 24,730	\$ 150,960	\$ 18,314	\$ 69,221
Total Assets	<u>126,230</u>	<u>24,730</u>	<u>150,960</u>	<u>18,314</u>	<u>69,221</u>
LIABILITIES:					
Payroll Deductions and Withholdings		18,524	18,524		
Interfund Payable		6,206	6,206	10,000	
Due to Student Groups	126,230		126,230		
Total Liabilities	<u>126,230</u>	<u>24,730</u>	<u>150,960</u>	<u>10,000</u>	
NET POSITION:					
Held in Trust for Unemployment Claims					69,221
Held in Trust for Flexible Spending Claims				8,314	
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,314</u>	<u>\$ 69,221</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Employee Deductions	\$ 15,442	\$ 16,138
Total Contributions	<u>15,442</u>	<u>16,138</u>
Investment Earnings	<u>200</u>	<u>1,141</u>
Total Additions	<u>15,642</u>	<u>17,279</u>
DEDUCTIONS:		
Unemployment Claims and Contributions		48,324
Flexible Spending Claims	<u>15,357</u>	<u> </u>
Total Deductions	<u>15,357</u>	<u>48,324</u>
Change in Net Position	285	(31,045)
Net Position - Beginning of the Year	<u>8,029</u>	<u>100,266</u>
Net Position - End of the Year	<u>\$ 8,314</u>	<u>\$ 69,221</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	<u>\$ 108,577</u>	<u>\$ 153,234</u>	<u>\$ 135,581</u>	<u>\$ 126,230</u>
Total Assets	<u><u>\$ 108,577</u></u>	<u><u>\$ 153,234</u></u>	<u><u>\$ 135,581</u></u>	<u><u>\$ 126,230</u></u>
 LIABILITIES:				
Due to Student Groups	<u>\$ 108,577</u>	<u>153,234</u>	<u>135,581</u>	<u>\$ 126,230</u>
Total Liabilities	<u><u>\$ 108,577</u></u>	<u><u>\$ 153,234</u></u>	<u><u>\$ 135,581</u></u>	<u><u>\$ 126,230</u></u>

CLINTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Clinton Township District Schools:				
Spruce Run School	\$ 18,119	\$ 9,750	\$ 8,251	\$ 19,618
Patrick McGaheran School	9,349	17,506	17,955	8,900
Round Valley School	23,357	28,119	29,734	21,742
Clinton Township Middle School	<u>57,752</u>	<u>97,859</u>	<u>79,641</u>	<u>75,970</u>
Total All Schools	<u>\$ 108,577</u>	<u>\$ 153,234</u>	<u>\$ 135,581</u>	<u>\$ 126,230</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 29,989	\$ 16,127,469	\$ 16,132,728	\$ 24,730
Total Assets	<u>\$ 29,989</u>	<u>\$ 16,127,469</u>	<u>\$ 16,132,728</u>	<u>\$ 24,730</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 23,783	\$ 7,453,263	\$ 7,458,522	\$ 18,524
Interfund Payable	6,206			6,206
Net Payroll		<u>8,674,206</u>	<u>8,674,206</u>	
Total Liabilities	<u>\$ 29,989</u>	<u>\$ 16,127,469</u>	<u>\$ 16,132,728</u>	<u>\$ 24,730</u>

LONG-TERM DEBT

CLINTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance June 30, 2017	Matured	Balance June 30, 2018
			Date	Amount	June 30, 2018				
2011 Refunding Bonds	06/30/11	\$ 12,100,000	1/15/2019	\$ 1,015,000		4.000%			
			1/15/2020	1,070,000		5.000%			
			1/15/2021	1,130,000		5.000%			
			1/15/2022	1,190,000		5.000%			
			1/15/2023	1,255,000		5.000%			
			1/15/2024	955,000		5.000%	\$ 7,580,000	\$ 6,615,000	
2012 Refunding Bonds	12/22/11	10,630,000	1/15/2019	30,000		2.000%			
			1/15/2020	30,000		2.250%			
			1/15/2021	30,000		2.500%			
			1/15/2022	35,000		2.750%			
			1/15/2023	35,000		3.000%			
			1/15/2024	400,000		3.250%			
			1/15/2025	1,460,000		3.500%			
			1/15/2026	1,520,000		3.625%			
			1/15/2027	1,580,000		3.750%			
			1/15/2028	1,650,000		3.875%			
		1/15/2029	1,720,000		4.000%				
		1/15/2030	1,790,000		4.125%		10,310,000	30,000	
								10,280,000	

CLINTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of		Interest Rate	Balance June 30, 2017	Matured	Balance June 30, 2018
			Bonds Outstanding June 30, 2018	Amount				
2015 Refunding Bonds	10/28/15	\$ 8,680,000	1/15/2019	\$ 25,000	2.000%			
			1/15/2020	25,000	2.250%			
			1/15/2021	25,000	2.500%			
			1/15/2022	25,000	2.750%			
			1/15/2023	30,000	3.000%			
			1/15/2024	30,000	3.250%			
			1/15/2025	30,000	3.500%			
			1/15/2026	30,000	3.625%			
			1/15/2027	35,000	3.750%			
			1/15/2028	35,000	3.875%			
			1/15/2029	35,000	4.000%			
			1/15/2030	35,000	4.125%			
			1/15/2031	1,950,000	3.750%			
			1/15/2032	2,005,000	3.875%			
		1/15/2033	2,065,000	4.000%				
		1/15/2034	2,135,000	4.125%				
						\$ 8,540,000	\$ 25,000	\$ 8,515,000
						\$ 26,430,000	\$ 1,020,000	\$ 25,410,000

CLINTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2017</u>	<u>Matured</u>	<u>Balance June 30, 2018</u>
Network Infrastructure and Tractor	1.820%	\$ 175,000	\$ 58,389	\$ 58,389	
			<u>\$ 58,389</u>	<u>\$ 58,389</u>	<u>\$ -0-</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,707,984		\$ 1,707,984	\$ 1,707,984	
Total Revenues	1,707,984		1,707,984	1,707,984	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,079,707		1,079,707	1,079,706	\$ 1
Redemption of Principal	1,020,000		1,020,000	1,020,000	
Total Regular Debt Service	2,099,707		2,099,707	2,099,706	1
Total Expenditures	2,099,707		2,099,707	2,099,706	1
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(391,723)		(391,723)	(391,722)	1
Fund Balance, July 1	391,724		391,724	391,724	
Fund Balance, June 30	\$ 1	\$ -0-	\$ 1	\$ 2	\$ 1
Recapitulation:					
Restricted				\$ 2	

STATISTICAL SECTION
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CLINTON TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 24,273,857	\$ 24,170,262	\$ 24,723,435	\$ 24,086,810	\$ 24,136,109	\$ 24,467,555	\$ 24,995,409	\$ 25,463,192	\$ 25,862,605	\$ 25,757,830
Restricted	439,811	360,271	725,276	687,759	1,623,134	1,999,577	2,473,779	1,604,605	2,040,731	2,797,494
Unrestricted/(Deficit)	(115,575)	(86,029)	(369,994)	144,549	(1,095,792)	(7,316,596)	(6,572,794)	(5,061,778)	(7,925,307)	(8,396,819)
Total governmental activities net position	\$ 24,598,093	\$ 24,444,504	\$ 25,078,717	\$ 24,919,118	\$ 24,663,451	\$ 19,150,536	\$ 20,896,394	\$ 22,006,019	\$ 19,978,029	\$ 20,158,505
Business-type Activities:										
Investment in Capital Assets			\$ 14,089	\$ 19,873	\$ 15,177	\$ 10,481	\$ 13,481	\$ 11,992	\$ 10,503	\$ 9,014
Unrestricted			12,144	4,894	720	15,525	13,453	10,658	13,581	1,721
Total business-type activities net position	\$ -0-	\$ -0-	\$ 26,233	\$ 24,767	\$ 15,897	\$ 26,006	\$ 26,934	\$ 22,650	\$ 24,084	\$ 10,735
District-wide:										
Net Investment in Capital Assets	\$ 24,273,857	\$ 24,170,262	\$ 24,737,524	\$ 24,106,683	\$ 24,151,286	\$ 24,478,036	\$ 25,008,890	\$ 25,475,184	\$ 25,873,108	\$ 25,766,844
Restricted	439,811	360,271	725,276	687,759	1,623,134	1,999,577	2,473,779	1,604,605	2,040,731	2,797,494
Unrestricted/(Deficit)	(115,575)	(86,029)	(357,850)	149,443	(1,095,072)	(7,301,071)	(6,559,341)	(5,051,120)	(7,911,726)	(8,395,098)
Total District Net Position	\$ 24,598,093	\$ 24,444,504	\$ 25,104,950	\$ 24,943,885	\$ 24,679,348	\$ 19,176,542	\$ 20,923,328	\$ 22,028,669	\$ 20,002,113	\$ 20,169,240

* - Restated

Source: School District Financial Reports

CLINTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 10,043,370	\$ 10,217,601	\$ 10,295,742	\$ 11,059,953	\$ 11,072,542	\$ 10,427,487	\$ 11,982,686	\$ 12,405,176	\$ 15,254,518	\$ 13,579,623
Special Education	3,484,836	3,416,750	3,299,597	4,125,625	4,555,119	4,493,701	4,767,628	5,046,886	6,289,955	5,246,515
Other Special Instruction	401,992	338,861	429,705	454,506	825,701	907,843	1,215,570	1,237,448	1,722,812	1,367,327
School Sponsored Instruction	166,473	165,740	52,817	30,593	82,329	87,515	92,121	116,205	151,874	119,031
Support Services:										
Tuition	616,096	740,675	644,832	687,219	851,271	873,557	664,972	467,098	557,171	465,117
Student & Instruction Related Services	4,283,237	4,969,819	4,866,959	5,117,953	5,209,914	5,733,507	6,322,668	6,845,608	7,331,631	7,145,515
General Administrative Services	1,466,054	1,508,265	1,572,965	1,682,380	1,265,380	1,162,128	1,282,779	1,579,339	1,580,503	752,745
School Administrative Services	1,313,750	1,410,570	1,340,834	1,330,348	1,344,527	1,338,075	1,694,187	1,630,779	1,818,026	1,787,713
Central Services										686,211
Administrative Information Technology										14,504
Plant Operations and Maintenance	2,875,907	2,828,358	2,579,451	2,524,664	2,481,162	2,618,431	2,660,530	3,288,189	3,625,818	2,905,434
Pupil Transportation	1,933,904	2,028,437	1,887,008	1,814,468	1,901,850	1,589,009	1,600,577	1,653,698	1,683,011	1,683,092
Capital Outlay										122,345
Food Services	28,885	32,154	89,858	85,566	111,631	114,065	99,612	112,316	116,111	50,301
Special Schools	191,750	234,564								1,445,886
Unallocated Depreciation										964,061
Interest on Long-Term Debt	1,624,627	1,495,883	1,266,814	1,193,844	1,357,230	1,358,695	1,325,265	1,146,055	1,198,120	
Total Governmental Activities Expenses	28,430,881	29,387,677	28,326,582	30,107,119	31,058,656	30,704,013	33,708,595	35,528,797	41,329,550	38,335,420
Business-type Activities:										
Food Service			485,150	481,361	468,526	428,496	421,896	462,129	506,878	477,741
Total Business-type Activities Expenses			485,150	481,361	468,526	428,496	421,896	462,129	506,878	477,741
Total District Expenses	28,430,881	29,387,677	28,811,732	30,588,480	31,527,182	31,132,509	34,130,491	35,990,926	41,836,428	38,813,161
Governmental Activities:										
Charges for Services:										
Regular instruction	415,117	426,432	484,226	426,078	377,789	344,801	384,771	422,951	500,399	
Special education instruction	86,190	31,666	123,977	156,779	67,775	89,808	70,279	257,962	169,779	
Other instruction			46,806	63,806					8,850	
Tuition						2,787				731,797
Student & instruction related services		48,583	51,253	46,292	43,275	47,144	26,097	3,357	30,451	
General & business administrative services	83,074	38,777	39,878	40,817	38,000	5,312				
Plant operations & maintenance	117,669	83,487	58,657	58,944	67,447	67,589	61,154	46,502	49,444	
Pupil transportation	19,800	15,978	19,784	29,569	38,812	34,054	32,687	59,619	41,360	
Special schools						7,340		1,582		
Operating Grants and Contributions	765,351	955,369	1,034,344	764,091	644,603	837,903	802,768	615,914	634,499	11,475,969
Capital Grants and Contributions	102,062					59,895	444,426	(81,648)		
Total Governmental Activities Program Revenues	1,589,263	1,600,292	1,858,925	1,522,570	1,341,507	1,496,633	1,822,182	1,326,239	1,434,782	12,207,766

CLINTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type Activities:										
Charges for Services:										
Food Service			\$ 429,007	\$ 401,046	\$ 375,792	\$ 353,767	\$ 348,680	\$ 373,016	\$ 389,772	\$ 367,536
Operating Grants and Contributions			60,628	78,106	82,351	82,423	73,937	84,583	93,234	96,276
Total Business-type Activities Revenues			489,635	479,152	458,143	436,190	422,617	457,599	483,006	463,812
Total District Program Revenues	\$ 1,589,263	\$ 1,600,292	2,348,560	2,001,722	1,799,650	1,932,823	2,244,799	1,783,838	1,917,788	12,671,578
Net (Expense)/Revenue										
Governmental Activities	(26,841,618)	(27,787,385)	(26,467,657)	(28,584,549)	(29,717,149)	(29,207,380)	(31,886,413)	(34,202,558)	(39,894,768)	(26,127,654)
Business-type Activities			4,485	(2,209)	(10,383)	7,694	721	(4,530)	(23,872)	(13,929)
Total District-wide Net (Expense)/Revenue	(26,841,618)	(27,787,385)	(26,463,172)	(28,586,758)	(29,727,532)	(29,199,686)	(31,885,692)	(34,207,088)	(39,918,640)	(26,141,583)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	21,102,628	21,533,969	22,145,328	22,311,013	22,281,013	22,530,498	22,580,498	22,918,742	22,813,416	23,145,143
Taxes Levied for Debt Service	2,987,434	2,600,256	2,732,796	2,241,684	2,170,882	2,083,196	2,113,368	2,161,018	2,091,567	1,707,984
Unrestricted Grants and Contributions	3,398,695	3,384,872	2,416,664	3,856,577	5,291,912	5,326,061	8,822,963	10,066,633	12,831,589	1,373,502
Net Changes Due to Defeasance of Bonds			(519,110)	(228,991)						
Investment Earnings	40,880	13,115	7,158	44,481	21,233	21,145	22,077	24,697	34,577	10,813
Miscellaneous Income	180,775	247,523	440,747	275,186	142,860	92,067	143,365	201,093	120,629	138,705
Other Item - Insurance Claims Transfer										200,000
Transfers	(16,000)	(145,939)	(121,713)	(75,000)	(45,000)		(50,000)	(60,000)	(25,000)	
Total Governmental Activities	27,694,412	27,633,796	27,101,870	28,424,950	29,862,900	30,052,967	33,632,271	35,312,183	37,866,778	26,576,147
Business-type Activities:										
Investment Earnings			35	435	188	183	207	246	306	580
Miscellaneous Income			21,713	308	1,325					
Transfers									25,000	
Total Business-type Activities			21,748	743	1,513	183	207	246	25,306	580
Total District-wide	27,694,412	\$ 27,633,796	\$ 27,123,618	28,425,693	29,864,413	30,053,150	33,632,478	35,312,429	37,892,084	26,576,727
Change in Net Position										
Governmental Activities	852,794	(153,589)	634,213	(159,599)	145,751	845,587	1,745,858	1,109,625	(2,027,990)	448,493
Business-type Activities	-	-	26,233	(1,466)	(8,870)	7,877	928	(4,284)	1,434	(13,349)
Total District	\$ 852,794	\$ (153,589)	\$ 660,446	\$ (161,065)	\$ 136,881	\$ 853,464	\$ 1,746,786	\$ 1,105,341	\$ (2,026,556)	\$ 435,144

Source: School District Financial Reports

CLINTON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

June 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Restricted	\$ 177,339	\$ 302,485	\$ 623,082	\$ 607,110	\$ 1,529,068	\$ 929,792	\$ 2,115,969	\$ 1,328,179	\$ 1,649,007	\$ 2,797,492
Committed	28,288	72,201	130,975	569,816	101,456	366,647	988,770	2,865,632	336,121	
Assigned	500,000	494,953	635,351	646,498	153,426	200,000	240,000	91,023	241,023	541,517
Unassigned	628,376	521,381	860,394	719,270	628,567	514,457	382,034	301,053	352,313	311,594
Total General Fund	\$ 1,334,003	\$ 1,391,020	\$ 2,249,802	\$ 2,542,694	\$ 2,412,517	\$ 2,010,896	\$ 3,726,773	\$ 4,585,887	\$ 2,578,464	\$ 3,650,603
All Other Governmental Funds:										
Restricted, Reported in :										
Capital Projects Fund	\$ 552,497	\$ 523,320	\$ 425,439	\$ 418,561	\$ 418,561	\$ 1,384,815	\$ 938,670	\$ 74,155	\$ 74,155	\$ 2
Assigned, Reported in:										
Debt Service Fund	207,382	8,058	901	61,857	71,772			393,163	391,724	
Total All Other Governmental Funds	\$ 759,879	\$ 531,378	\$ 426,340	\$ 480,418	\$ 490,333	\$ 1,384,815	\$ 938,670	\$ 467,318	\$ 391,724	\$ 2
Total All Governmental Funds:										
Restricted	\$ 729,836	\$ 825,805	\$ 1,048,521	\$ 1,025,671	\$ 1,947,629	\$ 2,314,607	\$ 3,054,639	\$ 1,402,334	\$ 1,649,007	\$ 2,797,494
Committed	28,288	72,201	130,975	569,816	101,456	366,647	988,770	2,865,632	336,121	
Assigned	707,382	503,011	636,252	708,355	225,198	200,000	240,000	484,186	632,747	541,517
Unassigned	628,376	521,381	860,394	719,270	628,567	514,457	382,034	301,053	352,313	311,594
Total All Governmental Funds	\$ 2,093,882	\$ 1,922,398	\$ 2,676,142	\$ 3,023,112	\$ 2,902,850	\$ 3,395,711	\$ 4,665,443	\$ 5,053,205	\$ 2,970,188	\$ 3,650,603

Source: School District Financial Reports

CLINTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$24,090,062	\$24,134,225	\$ 24,878,124	\$ 24,552,697	\$ 24,451,895	\$ 24,613,694	\$ 24,693,866	\$ 25,079,760	\$ 24,904,983	\$24,853,127
Tuition Charges	501,307	458,098	608,203	582,857	444,124	434,609	455,050	598,030	670,178	731,797
Interest Earnings	40,880	13,115	7,158	44,481	21,233	21,145	22,077	24,697	34,577	10,813
Miscellaneous	314,343	422,640	562,296	156,996	137,568	110,388	164,644	200,724	105,312	158,275
Other Sources	19,800	15,978	15,978	26,317				23,904		
State Sources	3,805,775	3,664,102	2,666,473	3,984,372	5,482,915	5,591,182	6,041,014	5,596,406	5,908,334	6,276,296
Federal Sources	432,002	622,422	731,633	609,711	414,257	584,847	520,420	450,501	424,486	377,054
Total Revenues	29,204,169	29,330,580	29,469,865	29,957,431	30,951,992	31,355,865	31,897,071	31,974,022	32,047,870	32,407,362
Expenditures										
Instruction:										
Regular Instruction	7,133,712	6,994,248	6,882,570	7,361,905	7,367,340	6,925,038	6,816,399	6,557,053	7,769,090	7,128,318
Special Education Instruction	2,460,601	2,039,225	1,844,152	2,357,196	2,782,540	2,958,654	2,624,066	2,384,493	3,115,056	2,631,033
Other Special Instruction	278,481	233,327	270,107	284,442	521,774	580,738	641,572	608,461	806,624	679,873
School Sponsored Instruction	118,432	112,630	3,735	19,729	12,559	61,655	62,836	73,169	87,088	85,937
Support Services:										
Tuition	616,096	692,865	556,493	680,719	817,218	388,568	309,736	467,098	232,942	465,117
Student & Instruction Related Services	2,737,918	3,324,588	3,123,051	3,359,037	3,414,393	3,773,373	3,512,926	3,622,803	3,930,422	3,720,880
General Administrative Services	543,258	535,962	558,046	558,990	489,321	450,982	436,175	500,190	550,585	554,154
School Administrative Services	951,734	1,013,008	884,959	853,486	895,970	865,515	964,085	837,796	892,689	892,941
Central Services	439,975	424,616	425,335	369,223	366,229	381,322	387,377	394,432	423,227	423,343
Administrative Information Technology	158,753	122,012	102,284	132,882	31,644	22,610	19,668	19,637	33,787	9,533
Plant Operations and Maintenance	2,428,324	2,347,758	2,118,743	2,024,338	2,015,701	2,156,672	2,143,445	2,566,089	2,742,089	2,390,713
Pupil Transportation	1,925,189	2,019,941	1,870,359	1,798,780	1,851,268	1,541,955	1,553,746	1,600,622	1,630,780	1,669,406
Unallocated Benefits	3,743,903	3,984,681	4,320,723	4,716,982	4,580,270	4,560,740	4,579,954	4,807,583	4,873,120	8,810,096

CLINTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Food Service	\$ 19,102	\$ 22,392								
On-behalf TPAF pension & Social Security contribution	1,469,916	1,518,172	\$ 1,532,804	\$ 1,877,027	\$ 2,395,022	\$ 2,191,134	\$ 2,457,829	\$ 2,882,586	\$ 3,249,153	\$ 50,301
Special Schools	135,731	161,276	59,163	56,029	72,806	70,411	52,892	56,380	58,997	\$ 315,594
Capital Outlay	104,220	24,483	119,853	91,430	597,302	213,345	62,591	1,296,005	836,380	634,499
Special Revenue Funds	765,351	955,369	1,034,344	764,091	639,308	837,903	802,768	615,914	634,499	
Capital Projects	101,690	29,177	259,437	153,082		638,412	906,897	215,464		
Debt Service:										
Principal	1,439,800	1,245,000	1,280,000	1,225,000	860,000	880,000	905,000	1,119,267	1,032,344	1,020,000
Interest and Other Charges	1,634,400	1,555,395	1,531,519	997,297	1,358,693	1,363,977	1,337,377	1,188,587	1,207,015	1,079,706
Total Expenditures	29,206,586	29,356,125	28,777,677	29,581,665	31,069,358	30,863,004	30,577,339	31,813,629	34,105,887	31,926,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,417)	(25,545)	692,188	275,766	(117,366)	492,861	1,319,732	160,393	(2,058,017)	480,417
Other Financing Sources (Uses)										
Capital leases (non budgeted)								175,000		
Insurance claims proceeds for storm damage					42,104					
Premium on bonds and notes	600		1,210,666					305,937		
Proceeds from refunding bond issue			12,100,000	10,630,000				8,680,000		
Payment to refunding bond escrow agent			(13,149,110)	(10,308,991)				(8,873,568)		
Discount on bond issue				(174,805)						
Other Item - Insurance Claims										200,000
Transferred to Capital Reserve										
Transfers In										
Transfers Out	(16,000)	(145,939)	(100,000)	(75,000)	(45,000)		(50,000)	(60,000)	(25,000)	
Total Other Financing Sources (Uses)	(15,400)	(145,939)	61,556	71,204	(2,896)		(50,000)	227,369	(25,000)	200,000
Net Change in Fund Balances	\$ (17,817)	\$ (171,484)	\$ 753,744	\$ 346,970	\$ (120,262)	\$ 492,861	\$ 1,269,732	\$ 387,762	\$ (2,083,017)	\$ 680,417
Debt Service as a Percentage of Noncapital Expenditures	10.6%	9.5%	9.8%	7.5%	7.3%	7.3%	7.3%	7.6%	6.7%	6.6%

Source: School District Financial Reports

CLINTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2009	\$ 501,307	\$ 34,237	\$ 120	\$ 305,692	\$ 841,356
2010	458,098	12,300	838	384,063	855,299
2011	608,203	7,072	17,033	508,339	1,140,647
2012	582,857	44,481	2,909	153,819	784,066
2013	444,124	21,233	12,210	86,015	563,582
2014	434,609	21,145		62,558	518,312
2015	455,050	22,077		103,738	580,865
2016	598,030	24,697		201,015	823,742
2017	670,178	34,577	96	56,887	761,738
2018	731,797	78,357	34,500	36,661	881,315

Source: School District Financial Reports

CLINTON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities *	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2008	\$ 19,106,600	\$2,090,024,500	\$ 70,456,000	\$ 2,533,216	\$ 228,922,200	\$ 164,242,500	\$ 18,005,800	\$2,593,290,816	\$ 25,948,500	\$ 14,613,079	\$2,607,903,895	0.920	\$2,655,695,163
2009	19,716,000	2,082,368,700	70,495,700	2,452,816	234,903,800	164,242,500	18,005,800	2,592,185,316	26,207,200	13,462,227	2,605,647,543	0.930	2,548,647,650
2010	18,895,600	2,028,180,000	70,897,500	2,515,500	228,936,000	164,242,500	18,132,000	2,531,799,100	26,302,000	11,039,724	2,542,838,824	0.980	2,510,347,819
2011	18,076,000	1,930,391,700	69,096,900	2,499,600	226,230,600	158,714,500	18,132,000	2,423,141,300	26,302,000	8,858,764	2,432,000,064	1.010	2,350,284,312
2012	15,748,800	1,748,923,100	61,211,000	2,482,100	211,503,000	147,366,600	18,111,100	2,205,345,700	26,302,000	7,336,516	2,212,682,216	1.110	2,212,682,216
2013	14,144,800	1,706,925,700	58,510,900	2,473,500	197,046,000	143,348,600	18,541,900	2,140,991,400	25,649,400	5,974,452	2,146,965,852	1.150	2,146,965,852
2014	13,374,700	1,706,616,300	55,811,400	2,393,000	191,683,800	147,099,700	18,541,900	2,135,520,800	25,110,900		2,135,520,800	1.160	2,135,520,800
2015	13,162,200	1,715,936,500	53,221,300	2,408,900	189,838,200	155,426,500	19,142,900	2,149,136,500	25,110,900		2,149,136,500	1.170	2,149,136,500
2016	12,470,100	1,721,744,700	52,845,400	2,387,900	186,955,500	155,319,700	19,342,900	2,151,066,200	26,318,600		2,151,066,200	1.160	2,151,066,200
2017	12,170,800	1,725,515,200	50,999,200	2,660,200	186,206,700	155,262,100	19,342,900	2,152,157,100	26,318,601		2,152,157,100	1.154	2,152,157,100

a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b - Tax rates are per \$100 of assessed value.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

Source: Municipal Tax Assessor.

CLINTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Clinton Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School Rate	Clinton Township	Hunterdon County	
2008	\$ 0.810	\$ 0.110	\$ 0.920	\$ 0.510	\$ 0.200	\$ 0.340	\$ 1.970
2009	0.830	0.100	0.930	0.530	0.200	0.340	2.000
2010	0.870	0.110	0.980	0.550	0.220	0.330	2.080
2011	0.920	0.090	1.010	0.570	0.230	0.330	2.140
2012	1.010	0.100	1.110	0.620	0.260	0.340	2.330
2013	1.050	0.100	1.150	0.640	0.280	0.370	2.440
2014	1.060	0.100	1.160	0.660	0.300	0.370	2.490
2015	1.070	0.100	1.170	0.670	0.320	0.390	2.550
2016	1.060	0.100	1.160	0.650	0.340	0.390	2.540
2017	1.055	0.099	1.154	0.653	0.339	0.391	2.537

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b - Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collector and School Business Administrator.

CLINTON TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

		2017			2008		
Taxpayer		Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Exxon Capital Corporation		\$ 112,100,000	1	5.21%	\$ 125,655,300	1	4.82%
111 Cokesbury LLC		22,586,800	2	1.05%	40,000,000	2	1.53%
New York Life Insurance Company		21,603,500	3	1.00%	25,650,000	3	0.98%
East Coast - The Mews at Annandale		17,600,000	4	0.82%	24,746,700	4	0.95%
ARCP OFC Annandale NJ LLC		16,075,400	5	0.75%	20,858,900	5	0.80%
Transcontinental Gas Pipeline		11,973,000	6	0.56%	17,292,403	6	0.66%
Hunterdon Medical Center		6,808,600	7	0.32%	8,263,900	7	0.32%
Meridian Property Group LLC		6,350,000	8	0.30%	8,149,000	8	0.31%
Annandale Falls LLC		5,638,200	9	0.26%	7,829,800	9	0.30%
NGP Realty Sub LP		4,680,000	10	0.22%	5,985,000	10	0.23%
Total		\$ 225,415,500		10.47%	\$ 284,431,003		10.91%

Source: Municipal Tax Assessor.

CLINTON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	\$ 24,904,983	\$ 24,904,983	100.00%	-0-
2018	24,853,127	24,853,127	100.00%	-0-

N/A - Not Available

a - School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Clinton Township School District records, including the Certificate and Report of School Taxes (A4F form).

CLINTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2009	\$ 34,845,000	\$ 69,192	\$ 1,782,471	\$ 36,696,663	3.58%	\$ 2,640.81
2010	33,600,000	38,256	540,000	34,178,256	3.44%	2,459.40
2011	31,790,000	5,789	540,000	32,335,789	3.35%	2,393.65
2012	31,115,000		540,000	31,655,000	3.25%	2,366.55
2013	30,255,000		540,000	30,795,000	3.07%	2,322.92
2014	29,375,000		540,000	29,915,000	2.99%	2,255.69
2015	28,470,000			28,470,000	2.76%	2,168.48
2016	27,405,000	115,733		27,520,733	2.61%	2,109.35
2017	26,430,000	58,389		26,488,389	2.51%	2,060.71
2018	25,410,000			25,410,000	2.40%	1,968.70

a - See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Source: School District Financial Reports.

CLINTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	\$ 34,845,000		\$ 34,845,000	1.336%	\$ 2,507.56
2010	33,600,000		33,600,000	1.290%	2,417.79
2011	31,790,000		31,790,000	1.250%	2,353.25
2012	31,115,000		31,115,000	1.279%	2,326.18
2013	30,255,000		30,255,000	1.367%	2,282.19
2014	29,375,000		29,375,000	1.368%	2,214.98
2015	28,470,000		28,470,000	1.333%	2,168.48
2016	27,405,000		27,405,000	1.275%	2,100.48
2017	26,430,000		26,430,000	1.229%	2,056.17
2018	25,410,000		25,410,000	1.181%	1,968.70

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Source: School District Financial Reports.

CLINTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Clinton Township	\$ 23,663,398	100.00%	\$ 23,663,398
North Hunterdon Regional High School	2,698,687	27.69%	747,266
Hunterdon County General Obligation Debt	85,249,037	10.585%	9,023,978
Subtotal, Overlapping Debt			33,434,643
Clinton Township School District Direct Debt			26,430,000
Total Direct and Overlapping Debt			<u>\$ 59,864,643</u>

a - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of Clinton Township. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

Sources: Assessed value data used to estimate applicable percentages provided by the Hunterdon County Board of Taxation; debt outstanding data provided by each governmental unit.

CLINTON TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis
2017	\$ 2,284,182,870
2016	2,270,014,985
2015	2,237,984,484
	\$ 6,792,182,339
Average Equalized Valuation of Taxable Property Debt Limit (3% of average equalization value) ^a Net Bonded School Debt as of June 30, 2018	
	\$ 2,264,060,780
	67,921,823
	25,410,000
	\$ 42,511,823

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 79,082,228	\$ 79,246,179	\$ 76,542,565	\$ 73,531,161	\$ 70,319,904	\$ 67,727,114	\$ 66,543,114	\$ 66,545,021	\$ 67,373,771	\$ 67,921,823
Total Net Debt Applicable to Limit	36,627,471	34,140,000	32,330,000	31,655,000	30,795,000	29,915,000	28,470,000	27,405,000	26,430,000	25,410,000
Legal Debt Margin	\$ 42,454,757	\$ 45,106,179	\$ 44,212,565	\$ 41,876,161	\$ 39,524,904	\$ 25,272,883	\$ 38,073,114	\$ 39,140,021	\$ 40,943,771	\$ 42,511,823
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	46.32%	43.08%	42.24%	43.05%	43.79%	44.17%	42.78%	41.18%	39.23%	37.41%

^a A Limit set by NJSA 18A:24-19 for a K through 8 district, other % limits would be applicable for other districts.

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

CLINTON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Hunterdon County Per Capita Personal Income ^c	Unemployment Rate ^d
2008	13,896	\$ 1,024,065,720	\$ 73,695	5.20%
2009	13,897	994,024,616	71,528	9.20%
2010	13,509	966,285,261	71,529	9.50%
2011	13,376	974,133,952	72,827	9.30%
2012	13,257	1,002,878,793	75,649	9.60%
2013	13,262	999,490,630	75,365	5.00%
2014	13,129	1,030,455,823	78,487	4.90%
2015	13,047	1,053,662,673	80,759	4.30%
2016	12,854	1,055,429,086	82,109	4.10%
2017	12,907	1,059,780,863 ***	82,109 **	3.80%
2018	12,907 *	1,059,780,863 ***	82,109 **	N/A

* - Latest Hunterdon County population available (2017) was used for calculation purposes.

** - Latest Hunterdon County per capita personal income available (2016) was used for calculation purposes.

***- Latest available population data (2017) and latest Hunterdon County per capita personal income (2016) was used for calculation purposes

N/A - Not Available

Source:

a - Population information provided by the US Department of Census - Population Division.

b - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

c - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

CLINTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - HUNTERDON COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2017		2008	
	Employer	Employees	Employer	Employees
		Percentage of Total		Percentage of Total
		Employment		Employment
Amec Foster Wheeler North America	2,500	5.21%	Merck & Co.	1,800
Hunterdon Healthcare	2,000	4.17%	Chubb Insurance Co.	1,500
Chubb Insurance Co.	900	1.88%	Foster Wheeler	1,432
Edna Mahan Correctional Facility for Women	615	1.28%	Exxon Mobile Research & Eng.	970
Johanna Foods	500	1.04%	Hunterdon County	920
Hunterdon Developmental Center	450	0.94%	Johanna Foods	492
Hunterdon Central Regional High School	400	0.83%	Shop Rite of Hunterdon	440
New York Life	400	0.83%	A.M. Best	423
Shop Rite of Flemington	360	0.75%	BOC Inc.	389
A.M. Best	350	0.73%	Wedco	318
	<u>8,475</u>	<u>17.66%</u>		<u>8,684</u>
				<u>17.72%</u>

Source: Hunterdon County Treasurer's Office

CLINTON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

UNAUDITED

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction:										
Regular	109.0	106.5	111.5	110.0	103.5	107.9	94.0	91.1	88.1	84.0
Special Education	87.4	76.0	71.5	92.6	100.6	85.2	59.5	58.2	53.5	52.0
Support Services:										
Student & Instruction Related Services	33.6	32.9	31.3	29.0	27.7	30.3	55.3	46.0	46.3	46.0
General Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	12.0	11.0	11.0	11.0	11.0	11.0	13.0	13.5	9.5	9.5
Central Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Administration Information Technology	5.0	8.0	3.0	1.0	1.0	1.0	3.0	3.0	2.0	2.0
Plant Operations and Maintenance	25.4	22.9	17.0	24.5	24.5	19.8	32.2	30.0	23.6	23.0
Total	279.4	264.3	252.3	275.1	275.3	262.2	264.0	248.8	230.0	223.5

Source: District Personnel Records.

CLINTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2009	1,749	* \$ 26,028,166	\$ 14,882	-2.81%	185.0	1:09	1,750.6	1,683.8	* -0.18%	96.18%
2010	1,726	* 26,531,247	15,372	3.29%	180.0	1:10	1,718.7	1,648.2	* -1.82%	95.90%
2011	1,678	* 25,846,305	15,403	0.21%	179.0	1:09	1,677.6	1,608.4	* -2.39%	95.88%
2012	1,566	* 27,367,938	17,476	13.46%	184.0	1:09	1,565.5	1,505.2	* -6.68%	96.15%
2013	1,602	* 28,253,363	17,636	0.92%	163.0	1:10	1,624.5	1,558.3	* 3.77%	95.92%
2014	1,550	* 28,405,682	18,326	3.91%	157.0	1:10	1,542.7	1,481.1	* -5.04%	96.01%
2015	1,471	* 28,272,371	19,220	4.88%	146.0	1:10	1,450.2	1,372.3	* -6.00%	94.63%
2016	1,405	* 28,209,770	20,078	4.47%	143.0	1:10	1,402.0	1,348.8	* -3.32%	96.21%
2017	1,347	* 31,030,148	23,036	14.73%	141.0	1:10	1,335.6	1,282.6	* -4.74%	96.03%
2018	1,179	** 29,511,645	25,031	8.66%	136.0	1:09	1,177.8	1,133.8	** N/A	96.17%

* - Includes High School enrollment

** - Does not include High School enrollment

a - Operating expenditures equal total expenditures less debt service and capital outlay.

b - Teaching staff includes only full-time equivalents of certificated staff.

c - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d - Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

Note: Enrollment based on annual October District count.

N/A - Not available as enrollment and average daily enrollment for the fiscal year ended June 30, 2018 does not include the high school enrollment while the previous nine years do include the high school enrollment.

Source: School District records

CLINTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>District Building</u>					
Spruce Run School (1955)					
Square Feet	54,445	54,445	54,445	54,445	54,445
Capacity (students)	444	444	444	444	444
Enrollment	358	326	312	301	303
Patrick McGaheran School (1988)					
Square Feet	67,623	67,623	67,623	67,623	67,623
Capacity (students)	541	541	541	541	541
Enrollment	338	334	343	301	284
Round Valley School (1965)					
Square Feet	107,806	107,806	107,806	107,806	107,806
Capacity (students)	506	506	506	506	506
Enrollment	612	605	562	556	558
Clinton Township Middle School (2007)					
Square Feet	123,284	123,284	123,284	123,284	123,284
Capacity (students)	640	640	640	640	640
Enrollment	444	445	463	462	457
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>					
Spruce Run School (1955)					
Square Feet	54,445	54,445	54,445	54,445	54,445
Capacity (students)	444	444	444	444	444
Enrollment	292	251	263	243	N/A
Patrick McGaheran School (1988)					
Square Feet	67,623	67,623	67,623	67,623	67,623
Capacity (students)	541	541	541	541	541
Enrollment	288	293	258	242	N/A
Round Valley School (1965)					
Square Feet	107,806	107,806	107,806	107,806	107,806
Capacity (students)	506	506	506	506	506
Enrollment	539	496	469	462	N/A
Clinton Township Middle School (2007)					
Square Feet	123,284	123,284	123,284	123,284	123,284
Capacity (students)	640	640	640	640	640
Enrollment	425	413	415	378	N/A

Number of Schools at June 30, 2018

 Elementary = 3

 Middle School = 1

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

N/A - Not Available.

Source: School District Records

CLINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Spruce Run School	N/A	\$103,222	\$ 99,781	\$ 77,364	\$ 86,308	\$ 85,939
Patrick McGaheran School	N/A	166,417	131,899	71,681	80,195	100,474
Round Valley School	N/A	113,929	115,025	106,628	142,226	114,858
Clinton Township Middle School	N/A	92,220	116,673	87,917	90,873	101,240
Grand Total		<u>\$475,788</u>	<u>\$463,378</u>	<u>\$343,590</u>	<u>\$399,602</u>	<u>\$402,511</u>

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ended June 30,</u>				
		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Spruce Run School	N/A	\$ 58,124	\$ 93,727	\$137,266	\$134,745	\$128,950
Patrick McGaheran School	N/A	93,727	124,614	185,383	194,152	135,398
Round Valley School	N/A	145,003	153,352	246,232	255,526	212,769
Clinton Township Middle School	N/A	158,257	169,418	313,273	283,730	167,636
Grand Total		<u>\$455,111</u>	<u>\$541,111</u>	<u>\$882,154</u>	<u>\$868,153</u>	<u>\$644,753</u>

N/A - Not Applicable.

* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: School District records

CLINTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
<u>NJ Schools Insurance Group</u>		
School Commercial Package Policy-		
NJ Schools Insurance Group		
Insurance Group		
Property - Building Blanket and Contents	\$ 450,000,000	\$ 5,000
Electronic Data Processing	1,000,000	1,000
Equipment Breakdown	100,000,000	5,000
Comprehensive General Liability	11,000,000	
Comprehensive Auto Liability	11,000,000	
Crime Coverage	1,000,000	1,000
Excess Liability - NJUEP		
Property Damage	29,000,000	
School Board Legal Liability-		
NJ Schools Insurance Group		
Insurance Group		
Directors and Officers Policy	11,000,000	5,000
Environmental Impairment Policy-		
NJ Schools Insurance Group		
Insurance Group through Steadfast Insurance	11,000,000	25,000
Workers Compensation-		
NJ Schools Insurance Group		
Insurance Group-employer's liability		
Bodily Injury by Accident- Each Accident	2,000,000	
Bodily Injury by Disease- Each Employee	2,000,000	
Bodily Injury by Disease- Policy Limit	2,000,000	
Supplemental Indemnity - Chubb Insurance Company		
Benefit period	52 weeks	
Student Accident Insurance - AXIS Insurance Company		
Policy Limit	1,000,000	25,000
Public Employees' Faithful Performance-		
NJ Schools Insurance Group		
School Board Secretary/Business Administrator	230,000	1,000

Source: Clinton Township Board of Education records.

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Clinton Township School District
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clinton Township School District, in the County of Hunterdon (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members
of the Board of Education
Clinton Township School District
Page 2

Compliance and Other Matters

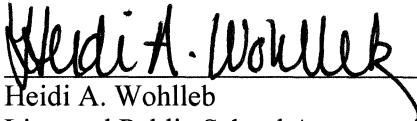
As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
January 23, 2019

NISIVOCCIA LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

Report on Compliance For Each Major State Program
and Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Clinton Township School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major State Program

We have audited the Clinton Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2018. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members
of the Board of Education
Clinton Township School District
Page 2

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

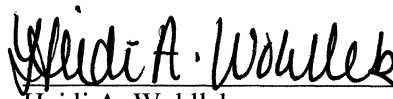
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
January 23, 2019

NISIVOCCIA LLP


Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

CLINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2018			Amount Provided to Subrecipients
			From	To				(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education - Passed-through State Department of Education: Special Revenue Fund: Elementary and Secondary Education Act: Title IIA	84.367A	ESEA-0920-18	7/1/2017	6/30/2018	\$ 18,413	\$ 10,139	\$ (14,810)	\$ (4,671)			
Special Education Cluster:						10,139	(14,810)	(4,671)			
I.D.E.A. Basic	84.027	IDEA-0920-18	7/1/2017	6/30/2018	419,639	263,603	(348,305)	(84,702)			
I.D.E.A. Basic	84.027	IDEA-0920-17	7/1/2016	6/30/2017	389,559	21,911					
I.D.E.A. Preschool	84.173	IDEA-0920-18	7/1/2017	6/30/2018	13,361	3,281	(8,064)	(4,783)			
I.D.E.A. Preschool	84.173	IDEA-0920-17	7/1/2016	6/30/2017	11,625	2,393		(332)			
Total Special Education Cluster						291,188	(356,369)	(89,817)			
Total U.S. Department of Education						301,327	(371,179)	(94,488)			
Total Special Revenue Fund						301,327	(371,179)	(94,488)			
U.S. Department of Agriculture - Passed-through State Department of Agriculture: Enterprise Fund											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/2017	6/30/2018	32,714	32,714	(30,766)		1,948		
Food Distribution Program	10.555	N/A	7/1/2016	6/30/2017	29,821		(1,103)				
National School Lunch Program	10.555	N/A	7/1/2017	6/30/2018	60,089	55,507	(60,089)	(4,582)			
National School Lunch Program	10.555	N/A	7/1/2016	6/30/2017	56,517	3,088					
Total U.S. Department of Agriculture/Child Nutrition Cluster						91,309	(91,958)	(4,582)	1,948		
Total Enterprise Fund						91,309	(91,958)	(4,582)	1,948		
TOTAL FEDERAL AWARDS						\$ 392,636	\$ (463,137)	\$ (99,070)	\$ 1,948	\$ -0-	\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

CLINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Categorical Special Education Aid	18-495-034-5120-089	7/1/2017	6/30/2018	\$ 781,370		\$ 706,229	\$ (781,370)			\$		\$ (75,141)	\$ 781,370
Categorical Security Aid	18-495-034-5120-084	7/1/2017	6/30/2018	83,110		75,118	(83,110)					(7,992)	83,110
School Choice Aid	18-495-034-5120-068	7/1/2017	6/30/2018	507,624		458,808	(507,624)					(48,816)	507,624
Adjustment Aid	18-495-034-5120-085	7/1/2017	6/30/2018	741,912		670,565	(741,912)					(71,347)	741,912
Categorical Transportation Aid	18-495-034-5120-014	7/1/2017	6/30/2018	168,475		152,273	(168,475)					(16,202)	168,475
PARCC Readiness Aid	18-495-034-5120-098	7/1/2017	6/30/2018	14,050		12,699	(14,050)					(1,351)	14,050
Per Pupil Growth Aid	18-495-034-5120-097	7/1/2017	6/30/2018	14,050		12,699	(14,050)					(1,351)	14,050
Professional Learning Community Aid	18-495-034-5120-101	7/1/2017	6/30/2018	12,750		11,524	(12,750)					(1,226)	12,750
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/2017	6/30/2018	285,486			(285,486)			\$ (285,486)		(285,486)	285,486
Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/2017	6/30/2018	19,371			(19,371)			(19,371)		(19,371)	19,371
Reimbursed TPAF Social Security Contributions	18-495-034-5095-003	7/1/2017	6/30/2018	790,619		750,283	(790,619)			(40,336)		(40,336)	790,619
On-Behalf TPAF Post Retirement Medical Contributions	18-495-034-5094-001	7/1/2017	6/30/2018	1,057,665		1,057,665	(1,057,665)						1,057,665
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/2017	6/30/2018	1,598,761		1,598,761	(1,598,761)						1,598,761
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/2017	6/30/2018	38,798		38,798	(38,798)						38,798
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/2017	6/30/2018	2,480		2,480	(2,480)						2,480
Categorical Special Education Aid	17-495-034-5120-089	7/1/2016	6/30/2017	780,444		75,055							780,444
Categorical Security Aid	17-495-034-5120-084	7/1/2016	6/30/2017	741,912		7,993							741,912
Adjustment Aid	17-495-034-5120-085	7/1/2016	6/30/2017	83,110		71,350							83,110
School Choice Aid	17-495-034-5120-068	7/1/2016	6/30/2017	507,624		48,818							507,624
Categorical Transportation Aid	17-495-034-5120-014	7/1/2016	6/30/2017	168,475		16,202							168,475
PARCC Readiness Aid	17-495-034-5120-098	7/1/2016	6/30/2017	14,050		1,351							14,050
Per Pupil Growth Aid	17-495-034-5120-097	7/1/2016	6/30/2017	14,050		1,351							14,050
Professional Learning Community Aid	17-495-034-5120-101	7/1/2016	6/30/2017	12,750		1,226							12,750
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/2016	6/30/2017	165,396		165,396							165,396
Nonpublic School Transportation Costs	17-495-034-5120-014	7/1/2016	6/30/2017	13,254		13,254							13,254
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	7/1/2016	6/30/2017	954,519		41,435							954,519
Total General Fund State Aid						5,991,333	(6,116,521)			(345,193)		(568,619)	9,572,105
State Department of Education:													
Special Revenue Fund:													
Nonpublic Textbook Aid	18-100-034-5120-064	7/1/2017	6/30/2018	21,693		21,693	(20,648)				1,045		20,648
Nonpublic Textbook Aid	17-100-034-5120-064	7/1/2016	6/30/2017	23,172					(189)				22,983
Compensatory Education	18-100-034-5120-067	7/1/2017	6/30/2018	38,091		38,091	(13,268)				24,823		13,268
Compensatory Education	17-100-034-5120-067	7/1/2016	6/30/2017	42,998					(3,583)				46,581
Supplemental Instruction	18-100-034-5120-066	7/1/2017	6/30/2018	8,748		8,748	(6,916)				1,832		6,916
Supplemental Instruction	17-100-034-5120-066	7/1/2016	6/30/2017	28,249					(28,249)				28,998
Examination and Classification	18-100-034-5120-066	7/1/2017	6/30/2018	29,281		29,281	(28,998)				283		27,194
Examination and Classification	17-100-034-5120-066	7/1/2016	6/30/2017	60,326					(33,132)				48,741
Examination and Classification	16-100-034-5120-066	7/1/2015	6/30/2016	46,357					(2,384)				7,142
Corrective Speech	18-100-034-5120-066	7/1/2017	6/30/2018	8,755		8,755	(7,142)				1,613		6,185
Corrective Speech	17-100-034-5120-066	7/1/2016	6/30/2017	10,602					(4,417)				6,185
Corrective Speech	16-100-034-5120-066	7/1/2015	6/30/2016	35,115					(2,142)				32,973

CLINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO	
		From	To		Budgetary Unearned/Revenues/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
Special Revenue Fund:													
Nonpublic Technology Initiative	18-100-034-5120-373	7/1/2017	6/30/2018	\$ 14,652	\$	\$ 14,652	\$ (14,599)	\$ (204)	\$	\$ 53	\$	\$	\$ 14,599
Nonpublic Technology Initiative	17-100-034-5120-373	7/1/2016	6/30/2017	10,452	\$	204	\$	\$	\$	\$	\$	\$	10,248
Nonpublic Security Aid	18-100-034-5120-509	7/1/2017	6/30/2018	29,775		29,775	(29,775)						29,775
Nonpublic Security Aid	17-100-034-5120-509	7/1/2016	6/30/2017	20,150		1,063					1,063		
Nonpublic Nursing Aid	18-100-034-5120-070	7/1/2017	6/30/2018	38,509		38,509	(38,509)						38,509
Nonpublic Nursing Aid	17-100-034-5120-070	7/1/2016	6/30/2017	36,270		761		(761)					35,509
Total Special Revenue Fund					75,061	190,567	(159,855)	(75,061)		30,712			390,555
Total State Department of Education					\$ (443,431)	6,181,900	(6,276,376)	(75,061)	\$ (345,193)	30,712	\$ (568,619)		9,962,660
State Department of Agriculture:													
Enterprise Fund:													
State School Lunch Program	18-100-010-3350-023	7/1/2017	6/30/2018	4,318		3,982	(4,318)			(336)		(336)	4,318
State School Lunch Program	17-100-010-3350-023	7/1/2016	6/30/2017	3,719		202							3,719
Total State Department of Agriculture					(202)	4,184	(4,318)			(336)		(336)	8,037
Total Enterprise Fund					(202)	4,184	(4,318)			(336)		(336)	8,037
Total State Awards Subject to Single Audit Determination					\$ (443,633)	6,186,084	(6,280,694)	(75,061)	\$ (345,529)	30,712	\$ (568,955)		9,970,697
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/2017	6/30/2018	1,057,665			1,057,665						
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/2017	6/30/2018	1,598,761			1,598,761						
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/2017	6/30/2018	38,798			38,798						
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/2017	6/30/2018	2,480			2,480						
Subtotal - On-Behalf TPAF Pension System Contributions							2,697,704						
Total State Awards Subject to Single Audit Major Program Determination							\$ (3,582,990)						

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Clinton Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$80) for the general fund and \$5,875 (which does not include the current year encumbrances on the local grants) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

CLINTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	Federal	State	Total
General Fund		\$ 6,116,441	\$ 6,116,441
Special Revenue Fund	\$ 377,054	159,855	536,909
Food Service Enterprise Fund	91,958	4,318	96,276
Total Financial Assistance	\$ 469,012	\$ 6,280,614	\$ 6,749,626

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

The Clinton Township School District had no loan balances outstanding at June 30, 2018.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

CLINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance..*
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Categorical Special Education Aid	18-495-034-5120-089	7/1/17 - 6/30/18	\$ 781,370	\$ 781,370
Categorical Security Aid	18-495-034-5120-084	7/1/17 - 6/30/18	83,110	83,110
School Choice Aid	18-495-034-5120-068	7/1/17 - 6/30/18	507,624	507,624
Adjustment Aid	18-495-034-5120-085	7/1/17 - 6/30/18	741,912	741,912
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 - 6/30/18	14,050	14,050
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 - 6/30/18	14,050	14,050
Professional Learning Community Aid	18-495-034-5120-101	7/1/17 - 6/30/18	12,750	12,750

- The threshold used for distinguishing between Type A and Type B State programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

CLINTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

CLINTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.